

# AIB Group UK Pension Scheme

Annual Report and Financial Statements  
for the year ended 31 December 2023

PSR: 10180335

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## Trustee, Scheme Advisers and Other Information

<b>Principal Employer</b>	Allied Irish Banks plc Bankcentre Ballsbridge Dublin 4
<b>Participating Employers</b>	AIB Group (UK) plc First Trust Financial Services Limited
<b>Trustee</b>	AIB Pensions UK Limited  Directors Norbert Bannon (Chairman), Independent, Employer nominated Gerry O'Connor - Employer nominated (Ceased 2 <sup>nd</sup> August 2023) Sean O'Kane - Employer nominated Robert Rutledge – Member nominated Rohan Worrall – Independent, Employer nominated Claire Marron – Member nominated Claire McKnight –Member nominated
<b>Secretary to the Trustee</b>	Zedra Inside Pensions Limited Third Floor, Trident House 42-48 Victoria Street St Albans Herts AL1 3HZ
<b>Scheme Administrator</b>	Aon Solutions Ireland Limited - Trading as Aon Hibernian House, Building 5200 Cork Airport Business Park Cork T12 FDN3 Ireland
<b>Investment Managers</b>	Legal and General Assurance Society Limited (LGAS) (Insurance Policies). One Coleman Street, London, EC2R 5AA
<b>AVC Provider</b>	Legal & General Investment Management One Coleman Street London EC2R 5AA
<b>Actuary</b>	Ann Marie Williams, FIA Mercer Limited Tower Place London EC3R 5BU

**Banker** Allied Irish Bank (GB)  
92 Ann Street,  
Belfast,  
BT1 3AY

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**Independent Auditor** PricewaterhouseCoopers LLP (Appointed 9<sup>th</sup> January 2024)  
Central Square  
29 Wellington Street  
Leeds  
LS1 4DL

Deloitte LLP (Resigned 8<sup>th</sup> January 2024)  
Abbots House  
Abbey Street  
Reading  
RG1 3BD

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**Investment  
Consultant** Mercer Limited  
Tower Place  
London  
EC3R 5BU

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**Solicitors** Sacker & Partners LLP  
20 Gresham Street  
London  
EC2V 7JE

## Trustee's Report

### Introduction

The Trustee of AIB Group UK Pension Scheme ("the Scheme") is pleased to present the annual report together with the audited Financial Statements for the year ended 31 December 2023.

The Scheme is a defined benefit scheme and is administered by Allied Irish Banks plc in accordance with the Trust Deed and Rules, solely for the benefit of its members and other beneficiaries. The schemes is administrated by Aon on behalf of Allied Irish Banks plc. It was closed to future accrual with effect from 1 January 2014.

### Trustee and Advisers

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

The power of appointing and removing directors of the Trustee is vested in the Employer, although it exercises this power to give effect to the arrangements for the Member Nominated Directors. In accordance with the Occupational Pension Schemes (Member-nominated Trustees and Directors) Regulations 2006, members have the option to nominate and vote for member elected Trustee Directors. The Scheme's Trustee Director selection process provides for at least one third of the Trustee Directors to be nominated by Scheme members.

The present advisers to the Trustee are shown on pages 2 and 3. During the year Deloitte LLP resigned as auditors. In their resignation letter they provided a statement noting no circumstances connected with their resignation which they consider significantly affected the interests of the members or prospective members of, or beneficiaries under, the Scheme.

### Trustee meetings

The Trustee Directors met formally four times during the year. Work is also delegated to the two sub-committees, the Finance and Investment Committee and the Governance and Communications Committee which each met several times throughout the year. In addition, a GMP Equalisation Joint Working Group was also formed during the year and met several times during the year.

### The Principal Employer

During the year and subsequently, the Principal Employer of the Scheme was Allied Irish Banks plc ("the Employer").

### Scheme changes

There were no changes to the Scheme Rules during the year and subsequently.

### Membership

Details of the membership of the Scheme as at 31 December 2023 are given below:-

	Pensioners	Deferred Members	Total
<b>Membership @ 31/12/2022</b>	1,427	816	2,243
Adjustments	-	2	2
Retirements	-	(30)	(30)
Deaths/Cessations	(26)	(1)	(27)
New Pensioners	44	-	44
Transfers Out	-	(1)	(1)
<b>Membership @ 31/12/2023</b>	<u>1,445</u>	<u>786</u>	<u>2,231</u>

At 31 December 2023, 1,429 (2022:1,420) pensioners and 175 (2022: 197) deferred members are covered by Bulk Purchase Annuity ("BPA") contracts.

Included within Pensioners above are 148 beneficiaries (2022: 140).

### **Pension Increases**

Pensions increased by 13.8% on 1 April 2023 except for the following parts of the pension. Members who joined Post 1991, the Pre 1997 excess receives discretionary increases, and no discretionary increases were awarded by the Employer. For these Post 1991 joiners, the Post 1997 element increases are capped at 5%.

The Employer did not award discretionary increases to pensioners.

For those members who transferred into the Scheme from the Govett Pension Scheme, pensions were increased on 1 January 2023 by 14% based on the increase in RPI November to November. This increase is subject to a cumulative cap of 5% per year and not all members qualified for the full 14%. All other increases are applied from 1 April.

For pensioners over GMP Age, the Pre 1988 GMP element of the pension did not increase while the Post 1988 GMP element increase is capped at 3.0%

Deferred pensions were increased in accordance with legislative requirements.

### **Review of the financial developments during the year as shown by the audited Financial Statements**

The financial statements on pages 16 to 27 show that the value of the Scheme's assets increased by £5,990,000 to £796,544,000 as at 31 December 2023. The increase comprised net withdrawals from the dealings with members of £34,549,000 and a net increase in the value of investments of £40,539,000.

The majority of the Scheme's assets are held in insurance policies. Further details are provided in notes 8e and 8f.

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

Further details of the financial developments of the Scheme may be found in the audited financial statements on pages 16 to 27.

### **Review of the Scheme's financial prospects having regard to the actuarial valuation and statement**

A full actuarial valuation was carried out with an effective date of 31 December 2020. This was the fifth valuation carried out under the specific requirements of the Pensions Act 2004. The valuation assessed that the "technical provisions", i.e. the target level of the Scheme assets given its commitment to pay pensions and other benefits were 98.5% covered by the audited market value of the actual Scheme assets at the effective date.

A summary of the funding position of the Scheme at the date of the latest actuarial report as at 31 December 2022 showed the following:

	£ Millions
Valuation of liabilities	795.0
Valuation of assets	790.0
Shortfall	(5)
Funding level	99%

The assets included £54m in respect of the Trustee's interest in an Asset Backed Contribution ("ABC") Agreement (see note on Contributions below). Full details including the significant actuarial assumptions are contained in the Report on Actuarial Liabilities on pages 36 to 38 which forms part of the Trustee's Report.

Assets are held in instruments that have the same interest rate sensitivity as the liabilities. Thus when interest rates rise both assets and liabilities will tend to fall in value, and when interest rates fall both assets and liabilities will tend to rise in value.

The Actuarial Certificate in relation to the Schedule of Contributions is shown on page 33 of the Annual Report.

The next formal valuation of the Scheme will take place with an effective date of 31 December 2023 is in progress.

### **Self-Investment**

The investments of the Scheme are invested in accordance with Section 40 of the Pensions Act 1995. As disclosed in note 14 to the Financial Statements, the percentage of the Scheme's net assets that is invested in employer related investments representing the balance in the Trustee bank account was 2.44% (2022: 0.41%) of net assets.

### **Contributions**

The Employer is paying £9,250,000 every six months, from January 2022 to July 2024 via distributions from the Asset Backed Contribution Agreement. These contributions are accounted for as a reduction in the value of the asset. In addition, there will be a balancing contribution due to the Scheme to facilitate conversion to a full Scheme buy-in, should the Trustee, in consultation with the Bank, decide to exercise that option. The Employer paid the PPF levy directly £13,459 (2022: £15,438).

Details of the amounts due to the Scheme can be found on page 29.

### **Transfers**

All cash equivalents (transfer values) paid during the year were calculated and paid in accordance with the regulations on transfers. Transfer values are calculated taking into account the requirement to review pensions in payment in line with the Retail Price Index where applicable. No discretionary benefits are included in transfer value calculations.

### **Additional Voluntary Contributions**

An AVC facility was available to all members for contributions before 1 April 2006. This is on a money purchase basis.

Pension benefits from AVCs are based on the purchasing power of the value of the member's AVC account.

### **Expression of Wish**

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 the members' wishes into account, although it is not obliged to do so. Members are also urged to review their Expressions of Wish Form should their circumstances change.

Expressions of Wish Forms are available on request from Aon at the address shown below.

### **Further information**

Further information about the Scheme is available, on request, to members, their spouses and other beneficiaries together with all recognised trade unions. In particular, the documents constituting the Scheme, the Rules and a copy of the latest actuarial report and the Trustee's Statement of Investment Principles and annual Engagement Policy Implementation Statement can be inspected. The Statement of Investment Principles and Engagement Policy Implementation Statement is available online.

<https://aibgb.co.uk/content/dam/gb/business/Documents/Help%20and%20Guidance/Regulatory-Information/pension/aib-uk-db-scheme-sip.pdf>

Members can request details of accrued benefits and their current transfer value from the Scheme's administrators. Such requests are available free of charge once a year.

## **AIB Group UK Pension Scheme**

If members have any queries concerning the Scheme or their own position or wish to obtain further information, they should contact Aon who will 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 the entitlement to benefits.

The Trustee of AIB Group UK Pension Scheme  
Aon,  
Hibernian House,  
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Cork Airport Business Park,  
Cork.T12 FDN3  
Ireland  
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Telephone number: 0345 070 2268



## Annual Engagement Policy Implementation Statement

### **Introduction**

This statement sets out how, and the extent to which, the Engagement Policy in the Statement of Investment Principles (“SIP”) produced by the Trustee has been followed during the year to 31 December 2023. This statement has been produced in accordance with the Pension Protection Fund (Pensionable Service) and Occupational Pension Schemes (Investment and Disclosure) (Amendment and Modification) Regulations 2018, the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019 and the guidance published by the Pensions Regulator.

### **Investment Objectives of the Scheme**

The primary objective of the Scheme is to ensure that the obligations to the beneficiaries of the Scheme can be met. In order to meet this objective, the Trustee has entered into a number of insurance policies with Legal & General (“L&G”) as follows:

- Deferred and pensioner buy-in policies, whereby L&G has agreed to pay the Scheme an amount equal to the pensions in payment for those members covered under the policies;
- An assured payment policy, which is effectively an inflation-linked bond which insures the majority of the interest rate, inflation and asset return risks associated with deferred members. Over the five years following commencement of the policy, additional top up payments are expected to be made which progressively convert the policy to a buy-in and insure demographic and remaining market risks.

Under each of these policies, the pension liabilities remain liabilities of the Scheme, and the policies are held as assets of the Scheme.

### **Policy on ESG, Stewardship and Climate Change**

The Scheme’s SIP includes the Trustee’s policy on Environmental, Social and Governance (“ESG”) factors, stewardship and climate change. This was last reviewed in December 2023. The Trustee believes that ESG factors are likely to have an impact on investment risk and return outcomes over the time horizon of the Scheme, and that good stewardship can create and preserve value for companies and markets as a whole. The Trustee also recognises that long-term sustainability issues, particularly climate change, present risks and opportunities that increasingly may require explicit consideration.

The Trustee considers these issues and takes advice on them when setting its asset allocation. However, the nature of the investments, consisting of insurance policies and cash, limits the scope for the Trustee to incorporate views on ESG, stewardship and climate change within the Scheme’s investment strategy.

### **Engagement and Voting Activity**

Due to the nature of the Scheme’s assets, there were no voting rights or other stewardship obligations relating to the Scheme’s assets during the year under review.

## Statement of Trustee's Responsibilities

### The trustee's responsibilities in respect of the financial statements

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("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 the scheme 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 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 these responsibilities, the trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis, and for ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the scheme will continue as a going concern.

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

The trustee has a general responsibility for ensuring that accounting records are kept and for taking such steps as are reasonably open to it, 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.

The trustee is also responsible for the maintenance and integrity of the annual report and financial statements on Allied Irish Bank's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### The trustee's responsibilities in respect of contributions

The trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions showing the rates of contributions payable to the scheme by or on behalf of employers 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 that fall due to be paid are paid into the scheme in accordance with the schedule of contributions.

Where breaches of the schedule occur, the trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and to members.

# INVESTMENT REPORT FOR THE TWELVE MONTHS TO 31 DECEMBER 2023

## 1. Introduction

The Scheme is divided into two main sections: (i) The Defined Benefit Section and (ii) The AVC Section.

Overall investment policy falls into two parts. The strategic management of the assets is fundamentally the responsibility of the Trustee acting on advice from the investment consultant, Mercer Limited, and is driven by investment objectives as set out below. In December 2019, the Trustee entered into two insurance policies with Legal & General Assurance Society Limited (“L&G”), which entailed the transfer of all assets from the investment managers to L&G. A further three insurance policies with L&G were entered into two in 2020 and one in 2022. These policies require little day to day management from the Trustee, although the Trustee is responsible for the ongoing monitoring of the insurance policies.

As at 31 December 2023, the Scheme’s assets were comprised principally of the insurance policies and cash balances in the Trustee bank account.

As at 31 December 2023, the Scheme also had an Asset Backed Funding (ABF) arrangement with the Bank. The underlying assets comprise a portfolio of high quality loans to third party borrowers and security against highly rated short term repurchasing agreement assets. The Scheme is entitled to an income stream with a present value of approximately £36m as at 31 December 2023.

### 1.1. Investment principles

The Trustee has produced a Statement of Investment Principles in accordance with section 35 of the Pensions Act 1995 and subsequent legislation. The statement is publicly available online.

The Trustee has adopted different investment objectives specific to the Defined Benefit Section and to the AVC Section of the Scheme.

### 1.2. Investment objectives – Defined Benefit Section

The primary objective is to ensure that the obligations to the beneficiaries of the Scheme can be met. In order to meet this objective, the Trustee has entered into a number of insurance policies with L&G as follows:

- Deferred and pensioner buy-in policies, whereby L&G has agreed to pay the Scheme an amount equal to the pensions in payment for those members covered under the policies.
- An assured payment policy, which is effectively an inflation-linked bond which insures the majority of the interest rate, inflation and asset return risks associated with deferred members. Over five years from inception of the policy, additional top up payments are expected to be made which progressively convert the policy to a buy-in and insure demographic and remaining market risks.

Under each of these policies, the pension liabilities remain liabilities of the Scheme, and the policies are held as assets of the Scheme.

### 1.3. Investment objectives – AVC Section

The Trustee believes that members have differing investment needs and that these may change during the course of their working lives. They also recognise that members have different attitudes to risk. The Trustee's objective is to make available to members a set of investment vehicles which seek to achieve real returns on members' assets while controlling the risks arising from the potential volatility of such investments.

The following funds were available to all members in 2018:

- Total Equity Fund
- Diversified Growth Fund
- Passively Managed Fund
- Passive Global Equity Fund
- Bond Fund
- Corporate Bond Fund
- Index Linked Bond Fund
- Cash Fund

## 2. Investment results – Defined Benefit Section

The value of the Defined Benefit Section assets as at 31 December 2023 is outlined on page 21 of the financial statements. The distribution of the Defined Benefit Section assets at the year-end was as follows:

Asset Class	31.12.2023 (%)	31.12.2022 (%)
Cash	-	-
Insurance Policies	95.4	93.2
Asset Backed Contribution Agreement	4.6	6.8
<b>Total Defined Benefit assets</b>	<b>100.0</b>	<b>100.0</b>

Source: L&G and Aon.

Due to the purchase of the insurance policies in December 2019 and the corresponding disinvestment from the legacy investment managers, the Scheme no longer reports performance.

The total amount of AVCs invested as at 31 December 2023 was £967,000 (2022: £897,000).

### 3. Responsible Investment

The Trustee believes that environmental social and corporate governance ("ESG") issues can affect the performance of investment portfolios and should therefore be considered as part of the Scheme's investment process.

The Trustee has given its investment managers full discretion when evaluating ESG issues and in exercising rights and stewardship obligations relating to the Scheme's investments.

It is accepted that investment in annuity policies will be governed by the individual policies of the relevant investment managers. These policies are reviewed as part of the consideration of these investments.

The Trustee believes good stewardship can enhance long-term portfolio performance and is therefore in the best interests of the Scheme's beneficiaries and aligned with fiduciary duty.

### 4. Custodial arrangements

During the year under review, the Scheme had no custodial arrangements to report due to the nature of the assets.

#### Signed for and on behalf of the Trustee

Trustee Director:

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Trustee Director:

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Date:

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## Independent auditors' report to the Trustee of AIB Group UK Pension Scheme

### Report on the audit of the financial statements

#### Opinion

In our opinion, AIB Group UK Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 2023, and of the amount and disposition at that date of its assets and liabilities, other than 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the statement of net assets (available for benefits) as at 31 December 2023; the fund account for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Annual Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the trustee for the financial statements

As explained more fully in the statement of trustee's responsibilities, the trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of 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 wind up the scheme, or has no realistic alternative but to do so.

### Auditors' 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 auditors' 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.

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.

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of cash balances at the year end.

- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
Date



## Fund Account

### for the year ended 31 December 2023

		Defined benefit section	AVC Section	Total	Total
		2023	2023	2023	2022
	Note	£'000	£'000	£'000	£'000
<b>Contributions and benefits</b>					
Employer contributions	3	-	-	-	-
		-	-	-	-
Benefits paid or payable	4	(32,383)	-	(32,383)	(30,455)
Payments to and on account of leavers	5	(355)	(59)	(414)	(6,103)
Administrative expenses	6	(1,752)	-	(1,752)	(1,579)
		<u>(34,490)</u>	<u>(59)</u>	<u>(34,549)</u>	<u>(38,137)</u>
<b>Net withdrawals from dealings with members</b>		<u>(34,490)</u>	<u>(59)</u>	<b><u>(34,549)</u></b>	<u>(37,137)</u>
<b>Returns on investments</b>					
Investment income	7	31,910	-	<b>31,910</b>	30,998
Change in market value of investments	8	8,500	129	<b>8,629</b>	(462,873)
<b>Net return on investments</b>		<u>40,410</u>	<u>129</u>	<b><u>40,539</u></b>	<u>(431,875)</u>
<b>Net increase\ (decrease) in the fund</b>		5,920	70	<b>5,990</b>	(470,012)
<b>Net Assets as at 1 January</b>		<u>789,657</u>	<u>897</u>	<b><u>790,554</u></b>	<u>1,260,566</u>
<b>Net Assets as at 31 December</b>		<u><u>795,577</u></u>	<u><u>967</u></u>	<b><u><u>796,544</u></u></b>	<u><u>790,554</u></u>

The notes on pages 18 to 27 form part of these financial statements.

## Statement of Net Assets (available for benefits)

as at 31 December 2023

	Note	2023 £'000	2022 £'000
<b>Defined Benefit Section</b>			
<b>Investment assets</b>	<b>8</b>		
Asset Backed Contribution Agreement		36,000	54,000
Insurance policies		<u>743,000</u>	<u>735,000</u>
		<b>779,000</b>	<b>789,000</b>
<b>Current Assets</b>	<b>9</b>	19,419	3,215
<b>Current Liabilities</b>	<b>9</b>	<u>(2,842)</u>	<u>(2,558)</u>
<b>Net Assets of the Defined Benefit Section at 31 December</b>		<u><b>795,577</b></u>	<u><b>789,657</b></u>
<b>AVC Section</b>			
Investment Assets	8	<u>967</u>	<u>897</u>
<b>Net Assets of the AVC Section at 31 December</b>		<u><b>967</b></u>	<u><b>897</b></u>
<b>Total Net Assets of the Scheme at 31 December</b>		<u><b>796,544</b></u>	<u><b>790,554</b></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 actuarial position of the Scheme, which does take account of such obligations, is dealt with in the report on actuarial liabilities included in the Annual Report, and these financial statements should be read in conjunction with this report.

**The notes on pages 18 to 27 form part of these financial statements.**

**The financial statements on pages 16 – 27 were approved and signed for and on behalf of the Trustee**

Trustee Director: \_\_\_\_\_

Trustee Director: \_\_\_\_\_

Date: \_\_\_\_\_

## Notes to the Financial Statements

### 1. Basis of preparation of the financial statements

The individual financial statements of AIB Group UK Pension Scheme 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 (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The Scheme is established as a trust under English Law. The address for enquiries to the Scheme is included in the Trustee's report on page 7.

### 2. Accounting Policies

The following principal accounting policies have been adopted and applied consistently, in the preparation of the financial statements.

#### 2.1 Accruals concept

The Financial Statements have been prepared on an accruals basis.

#### 2.2 Contributions

Contributions and additional voluntary contributions are accounted for in the period in which they fall due on an accruals basis.

#### 2.3 Benefits

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

Pensions in payment, including pensions funded by annuity contracts, are accounted for in the period to which they relate.

#### 2.4 Transfers to and from other schemes

Individual transfer values to and from other pension schemes are included in the financial statements on the basis of when the member's liability is accepted or discharged. In the case of individual transfers, this is normally when the payment of the transfer value is made.

#### 2.5 Administrative and Investment manager expenses

Administration and investment manager expenses are accounted for on an accruals basis.

#### 2.6 Investment income

Income from cash and short term deposits is dealt with in these financial statements on an accruals basis.

Income arising from the Bulk Purchase Annuity contract and an Assured Payment Policy are recognised under investment income on an accruals basis.

## 2.7 Foreign Currency

The functional and presentational currency of the Scheme is the pound sterling (GBP). Balances denominated in foreign currencies are translated into pounds at the rate ruling at the year end date. Transactions denominated in foreign currencies are translated at the rate ruling at the date of the transaction.

## 2.8 Valuation of investments

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

The Asset Backed Contribution Agreement has been stated at an estimated fair value as provided by the Actuary, Mercer Limited. The fair value of the arrangement is based on the net present value of the cash flows expected from the arrangement, with due allowance for credit and illiquidity risk. Funds received from the Asset Backed Contribution Agreement are treated as sales proceeds from the investment.

The Insurance Policies have been stated at an estimated fair value as provided by Mercer. Details of the basis of valued are outlined in the Investment note 8 Sections e and f.

AVC funds are included at the dealing value as advised by the fund manager at the year end.

## 2.9 Key accounting estimates and assumptions

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. For the Scheme, the Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are related to the valuation of the Scheme's investments and, in particular, those classified in Level 3 of the fair value hierarchy. Explanation of the key assumptions underpinning the valuation of investments are included above and within note 8 to the financial statements for Insurance policies and the Asset Backed Contribution Agreement.

## 3. Contributions

	<b>Defined Benefit Section 2023 £'000</b>	<b>AVC Section 2023 £'000</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
<b>Employer</b>				
Fees reimbursed by Employer	-	-	-	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Scheme ceased to future accrual with effect from 1 January 2014. From 1 April 2020, contributions are funded by way of distributions from the Asset Backed Contribution Agreement. These are accounted for in distributions from the Asset Backed Contributions Agreement in note 8.

**4. Benefits paid or payable**

	<b>Defined Benefit Section</b>	<b>AVC Section</b>	<b>Total</b>	<b>Total</b>
	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Pensions	30,574	-	30,574	27,682
Commutation and lump sum retirement benefits	1,808	-	1,808	2,733
Death benefits	1	-	1	40
<b>Total</b>	<b>32,383</b>	<b>-</b>	<b>32,383</b>	<b>30,455</b>

**5. Payments to and on account of leavers**

	<b>Defined Benefit Section</b>	<b>AVC Section</b>	<b>Total</b>	<b>Total</b>
	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Transfers out – individual	355	59	414	6,103
	<u>355</u>	<u>59</u>	<u>414</u>	<u>6,103</u>

**6. Administrative Expenses**

	<b>Defined Benefit Section</b>	<b>AVC Section</b>	<b>Total</b>	<b>Total</b>
	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Administration fees	359	-	359	169
Actuarial fees	981	-	981	1,111
Audit and Accountancy fees	59	-	59	3
Legal fees	86	-	86	82
Secretarial fees	255	-	255	204
Trustee fees and expenses	12	-	12	10
<b>Total</b>	<b>1,752</b>	<b>-</b>	<b>1,752</b>	<b>1,579</b>

**7. Investment Income**

	<b>Defined Benefit Section</b>	<b>AVC Section</b>	<b>Total</b>	<b>Total</b>
	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Income from Bulk Purchase Annuity	31,212	-	31,212	30,821
Interest on cash deposits	698	-	698	177
<b>Total</b>	<b>31,910</b>	<b>-</b>	<b>31,910</b>	<b>30,998</b>

## 8. Investments Assets

### a) Summary of movement in investments during the year

#### Defined benefit section

	Value at 01/01/2023	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market value	Value at 31/12/2023
	£'000	£'000	£'000	£'000	£'000
Insurance Policies	735,000	-	-	8,000	743,000
Asset Backed Contribution Agreement	54,000	-	18,500	500	36,000
	<u>789,000</u>	<u>-</u>	<u>18,500</u>	<u>8,500</u>	<u>779,000</u>

Assets are held in instruments that have the same interest rate sensitivity as the liabilities. Thus when interest rates rise both assets and liabilities will tend to fall in value, and when interest rates fall both assets and liabilities will tend to rise in value.

AVC Section – allocated to members	2023	2022
	£'000	£'000
Market value at 1 January	897	1,027
Sales proceeds	(59)	-
Change in market value of investments	129	(130)
Market value at 31 December	<u>967</u>	<u>897</u>

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.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs included costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £Nil (2022: £Nil). There are no indirect costs incurred by the Scheme.

### b) Concentration of Investments

The following investments account for more than 5% of the Scheme's net assets as at 31 December 2023.

	2023		2022	
	Market value £'000	%	Market value £'000	%
Legal & General Assurance Society Bulk Pensioner Policies (BPA)	675,000	84.7%	666,000	84.0%
Legal & General Assurance Society Assured Payment Policy (APP)	68,000	8.5%	69,000	8.7%
Asset Backed Contribution Agreement	N/A	N/A	54,000	6.8%

### c) Investment Fair Value Hierarchy

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 31 December 2023				
Insurance Policies	-	-	743,000	743,000
Asset Backed Contribution Agreement	-	-	36,000	36,000
AVC investments	-	967	-	967
At 31 December 2023	-	967	779,000	779,967
	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 31 December 2022				
Insurance Policies	-	-	735,000	735,000
Asset Backed Contribution Agreement	-	-	54,000	54,000
AVC investments	-	897	-	897
At 31 December 2022	-	897	789,000	789,897

#### d) Valuation Method for Asset Backed Contribution Agreement ("ABC" Agreement)

The ABC Agreement is valued at Fair Value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In particular this requires the perspective of a willing third party buyer.

In determining an arm's length value, the valuer took into consideration:

- Current market conditions;
- The most advantageous market for the asset;
- Maximising the use of the relevant observable and market-corroborated inputs; and minimising the use of the unobservable inputs.

#### e) Valuation Method for Bulk Purchase Annuity ("BPA")

The value of the BPA is set equal to the value of the covered liabilities as measured using the methodology set out in the Scheme's Statement of Funding Principles, taking account of prevailing financial market conditions at the valuation date of 31 December 2023.

Details of the main assumptions underlying the valuation of the BPA for the insured liabilities, as at 31 December 2023, are set out in the "Significant Actuarial Assumptions" section of the Trustee's Report.

#### **f) Valuation Method for Assured Payment Policy (“APP”)**

The APP is valued at Fair Value which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In particular, this requires the perspective of a willing third party buyer. The APP is the first such transaction completed in the UK pensions market and there is currently no observable market price to inform an arm’s length value. In completing a fair valuation, Mercer took into consideration:

- Current market conditions;
- The premium paid for the APP in December 2019; and
- Certain information provided by the insurer demonstrating how the initial premium was derived.

The main assumption used to value the APP is the discount rate, which was set in line with the gilt yield curve as at 31 December 2023, plus a margin of 0.42% p.a.

#### **g) Investment Risks**

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

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

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

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

The Scheme has exposure to these risks because of the investments it makes to implement the investment strategy described in the Trustee’s Report. The Trustee manages investment risks, including credit risk and market risk, within agreed risk limits which are set taking into account the Scheme’s strategic investment objectives. These investment objectives and risk limits are implemented through the insurance policies in place with Legal & General Assurance Society Limited (“L&G”).

Further information on the Trustee’s approach to risk management and the Scheme’s exposures to credit and market risks is set out below. This does not include AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

#### **Investment Strategy**

The Trustee is responsible for determining the Scheme’s investment strategy. The Trustee has set the investment strategy for the Scheme after taking appropriate advice.

The primary objective of the Scheme is to ensure that the obligations to the beneficiaries of the Scheme can be met. In order to meet this objective, the Scheme has entered into a number of insurance policies with L&G as follows:



- Deferred and pensioner buy-in policies, whereby L&G has agreed to pay the Scheme an amount equal to the pensions in payment for those members covered under the policies.
- An assured payment policy, which is effectively an inflation-linked bond which insures the majority of the interest rate, inflation and asset return risks associated with deferred members. Over five years from inception of the policy, additional top up payments are expected to be made which progressively convert the policy to a buy-in and insure demographic and remaining market risks.

Under each of these policies, the pension liabilities remain liabilities of the Scheme, and the policies are held as assets of the Scheme. This investment strategy is set out in the Trustee Statement of Investment Principles.

### **Credit Risk**

The Scheme is exposed to credit risk via the insurance policies provided by L&G. This risk is mitigated by the Trustee undertaking detailed due diligence prior to entering into the contracts with L&G (both on the provider and the regulatory environment in which it operates).

Additionally, the Scheme has an interest in a Scottish Limited Partnership ('SLP') which was offered to the Scheme as a way to enhance the covenant strength and an efficient means of delivering an income stream to the Scheme. The Bank ring-fences third party assets for the benefit of the Scheme. The SLP invests in a portfolio of highly rated short term repurchasing agreement assets. As such the Scheme is exposed to the direct credit risk of the SLP itself, and indirect credit risk of the underlying investments within the SLP. This credit risk is mitigated by the structure of the SLP and the diversification of repurchase assets within the SLP.

### **Market Risk**

#### Currency Risk

The Scheme is currently not subject to currency risk because it does not hold overseas assets.

#### Interest Rate Risk

The Scheme is subject to interest rate risk because all of the Scheme's investments are held in insurance policies and an Asset Backed Contribution Agreement. Under this strategy, if interest rates rise, the value of the insurance policies and Asset Backed Contribution Agreement will decrease. Interest rate risk has been mitigated because the Scheme's liabilities move broadly in line with the Scheme's investments.

#### Other Market Risk

The Scheme is not exposed to other price risk.

## 9. Current Assets and Liabilities

	<b>Defined Benefit Section 2023 £'000</b>	<b>AVC Section 2023 £'000</b>	<b>Total 2023 £'000</b>	<b>Total 2022 £'000</b>
<b>Current assets</b>				
Cash balances	19,419	-	<b>19,419</b>	3,215
	<u>19,419</u>	<u>-</u>	<u><b>19,419</b></u>	<u>3,215</u>
<b>Current liabilities</b>				
Unpaid benefits	2,000	-	<b>2,000</b>	2,000
Accrued expenses	357	-	<b>357</b>	176
HM Revenue & Customs	485	-	<b>485</b>	382
	<u>2,842</u>	<u>-</u>	<u><b>2,842</b></u>	<u>2,558</u>

## 10. Related Party Transactions

The Directors of the Trustee are listed in page 2 of this report. Pensions paid by the Scheme to three Trustee members during the year to 31 December 2023 were on the same terms as other retired members of the Scheme. Two Trustee are deferred members of the Scheme.

As disclosed in note 6, fees of £12,000 (2022: £10,000) have been paid to the Trustee Directors of the Scheme. It is also noted that the Employer remunerates a number of the Trustee Directors to the sum of £105,000 over the year (2022: £125,000)

During the year the employers met some of the administration costs of the Scheme.

As at 31 December 2023, £19,419,000 (2022: £3,215,000) was held in the Scheme's bank account with Allied Irish Banks (GB).

As at 31 December 2023, the Trustee of the Scheme had an interest of £36,000,000 (2022: £54,000,000) in an ABC Agreement. The ABC Agreement is constituted as a Scottish Limited Partnership ("SLP"), with AIB PFP (General Partner) Limited (a wholly owned subsidiary of the Principal Employer) acting as General Partner ("GP"), and AIB UK Loan Management Limited and AIB Group (UK) plc (also wholly owned subsidiaries of the Principal Employer) and the Trustee as Limited Partners.

**11. Comparative disclosures for the Fund Account**

	<b>2022</b>	<b>2022</b>	<b>2022</b>
	<b>Defined</b>	<b>AVC/DC</b>	<b>TOTAL</b>
	<b>Benefit</b>		
	<b>Section</b>		
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Contributions and Benefits</b>			
Employer Contributions	-	-	-
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>-</u>
Benefits paid and payable	(30,455)	-	(30,455)
Payments to and on account of leavers	(6,103)	-	(6,103)
Administrative expenses	<u>(1,579)</u>	<u>-</u>	<u>(1,579)</u>
	<u>(38,137)</u>	<u>-</u>	<u>(38,137)</u>
<b>Net withdrawals from dealings with members</b>	<u>(38,137)</u>	-	<u>(38,137)</u>
<b>Returns on Investments</b>			
Investment income	30,998	-	30,998
Change in market value of investments	(462,743)	(130)	(462,873)
Investment managers expenses	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Return on Investments</b>	<u>(431,745)</u>	<u>(130)</u>	<u>(431,875)</u>
<b>Net (decrease)\ increase in the Fund</b>	(469,882)	(130)	(470,012)
<b>Net Assets as at 1 January</b>	<u>1,259,539</u>	<u>1,027</u>	<u>1,260,566</u>
<b>Net Assets as at 31 December</b>	<u><b>789,657</b></u>	<u><b>897</b></u>	<u><b>790,554</b></u>

**12. Contingent Liabilities**

The Trustee has entered into a number of deferred and pensioner buy-in policies, whereby L&G agreed to pay the Scheme an amount equal to the pensions in payment for those members covered under the policies. The premiums payable to L&G for most of those policies were based on the member data and benefits before any data cleansing work had been carried out. This data cleanse work is largely now complete, and a top-up payment from the Scheme's cash balances will be paid to L&G to "true up" the benefits that have been insured. The Trustee expects the Scheme to be able to meet the liability in relation to the cost of the true-up payment. The amount of the true-up payment has yet to be determined.

**13. GMP equalisation**

Following the High Court Judgement in October 2018 the financial statements included a provision for GMP equalisation. The initial judgement did not address the transfers out which were subject to a second judgement announced in November 2020. Defined benefit schemes must revisit individual transfer payments made since 17 May 1990 to check if any additional value is due as a result of GMP equalisation. The Trustee is working with its advisers to review the options available pending further updates from the Pensions Regulator and the DWP.

**14. Employer Related Investments**

As at 31 December 2023, £19,419,000 (2022: £3,215,000) was held in the Scheme's bank account with Allied Irish Banks (GB). The percentage of the Scheme's net assets that are invested in employer related investments at the year-end is 2.44% (2022: 0.41%).

### **15. 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.

### **16. Subsequent Events**

There are no events subsequent to the year end which materially impact the disclosures in these financial statements.

# Independent Auditors' Statement about Contributions to the Trustee of AIB Group UK Pension Scheme

## Statement about contributions

### Opinion

In our opinion, the Contributions payable under the Schedule in respect of the Scheme year for the scheme year ended 31 December 2023 as reported in AIB Group UK Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedule of contributions certified by the scheme actuary on 31 March 2022.

We have examined AIB Group UK Pension Scheme's summary of contributions for the scheme year ended 31 December 2023 which is set out on the following page.

### Basis for opinion

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

### Responsibilities for the statement about contributions

#### Responsibilities of the trustee in respect of contributions

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 schedule of contributions and for monitoring whether contributions are made to the scheme by employers in accordance with relevant requirements.

#### Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

#### Use of this report

This report, including the opinion, has been prepared for and only for the trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
Date

## Summary of Contributions

### Trustee's Summary of Contributions payable under the Schedule in respect of the Scheme year ended 31 December 2023

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

A Schedule of contributions certified by the Scheme Actuary on 31 March 2022 outlining contributions due from 1 April 2022. The Scheme Auditors reports on the contributions payable under the Schedule in the Auditor's Statement about Contributions.

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

	<b>£'000</b>
Employers' Contributions	
Fees reimbursed by the Employer	Nil
Total contributions payable under the Schedule (as reported on by the Scheme auditors) and reported in the financial statements	<hr/> Nil <hr/>

Distributions have been received from the Asset Backed Contribution Agreement during the Scheme year. These distributions have been received in line with the Schedule of Contributions.

#### Signed on behalf of the Trustee:

Trustee Director:

Trustee Director:

Date:

## Actuary's Statements

# Actuary's Statements

## AIB Group UK Pension Scheme

### Schedule of Contributions

#### Status of this document

This schedule has been prepared by the Trustee of the AIB Group UK Pension Scheme (the "Trustee" of the "Scheme") to satisfy the requirements of section 227 of the Pensions Act 2004, after obtaining the advice of Gordon Clark, the actuary to the Scheme appointed by the Trustee.

This document is the 9<sup>th</sup> Schedule of Contributions put in place for the Scheme. It supersedes all earlier versions.

After discussions, a pattern of contributions was agreed by the Trustee and the Participating Employers, namely Allied Irish Banks, p.l.c. (the "Bank"), AIB Group (UK) p.l.c., and First Trust Financial Services Limited in March 2022.

The Trustee and the Bank have signed this schedule to indicate that it represents an accurate record of the agreed pattern of contributions.

The schedule is effective from the date it is certified by the Scheme Actuary.

#### Contributions to be paid to the Scheme from 1 April 2022 to 31 March 2028

##### *Bank's contributions in respect of administration and other costs*

The Scheme's administrative expenses will continue be paid from the Scheme's assets. Administrative expenses will include actuarial and investment consultancy fees, legal fees, trustee fees and expenses, audit and accountancy fees, ad-hoc project work on the benefit administration (as agreed by the Trustee), other consultancy fees and any other fees as agreed by the Trustee.

For the 31 December 2020 valuation an allowance has been included in the liabilities for administrative expenses covering the period up to 31 December 2024. From 1 January 2025, it is assumed that the Bank will pay £2m per annum, or such lower amount that would be sufficient to cover expenses (as agreed by the Trustee and the Bank), into the Scheme to cover the cost of expenses from this date up until 31 March 2028.

The Bank will continue to pay ongoing benefits administration and the PPF levies directly. Any payment due in respect of PPF levies in respect of any fiscal year will become due 1 month after the due date of the invoice received by the Trustee.



## Actuary's Statements

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### *Bank's contributions in respect of the shortfall in funding as per the recovery plan of March 2022*

The Trustee and the Bank have established a Special Purpose Vehicle ("SPV") which grants the Trustee an asset in the form of an interest in a Scottish Limited Partnership ("SLP") which holds a portfolio of public sector and charity loans. The shortfall contributions described in this section will be offset (and satisfied) by the amounts received from the SPV. In practice the Trustee's interest in the SLP is expected to fully provide for the agreed contributions.

The Trustee has determined that for the purpose of establishing the contributions to be paid into the Scheme the value of the SPV will be excluded from the value of the assets of the Scheme.

To address the shortfall as at 31 December 2020 (equal to £159.7m, excluding the value of the SPV) the Trustee and the Bank have agreed to take account of post valuation experience. The funding position has been updated to the year-end immediately before agreeing, and signing the documentation, for the 31 December 2020 valuation.

As at 31 December 2021 it is estimated that the shortfall in the Scheme was £138.6m, excluding the value of the SPV. To correct the shortfall at 31 December 2021, the following contributions will be paid from the SPV to the Scheme as follows:

- £9.25m in January 2022 (already paid into the Scheme)
- £9.25m in July 2022
- £9.25m in January 2023
- £9.25m in July 2023
- £9.25m in January 2024
- £9.25m in July 2024

In addition, there will then be a balancing contribution (defined as the "Full Buy-in Payment" in the SPV documentation) due to the Scheme to facilitate conversion to a full Scheme buy-in, should the Trustee, in consultation with the Bank, decide to exercise this option. The Scheme Actuary's latest estimate of this balancing contribution, excluding allowance for the deferred pensioner data reserve (see the paragraph immediately below), is £64.7m based on the position as at 31 December 2021. In practice, this amount may be different and will depend on the balancing contribution required at the time, in line with the SPV documentation.

A data cleanse exercise for deferred members is currently underway and is expected to be completed by 31 December 2023. The estimated shortfall of £138.6m at 31 December 2021 includes a reserve of £9.9m, which is equal to 3% of the liabilities for the non-insured deferred members. To the extent the data cleanse exercise leads to an increase (or decrease) in the deferred member liability (all else being equal), the amount of this additional (lower) liability would also be payable as part of (be offset against) the total balancing contribution.

The balancing contribution, defined as the "Full Buy-in Payment" in the SPV documentation, will ensure that the Scheme is sufficiently funded to meet the statutory funding obligation at the date of that payment. The Full Buy-in Payment to the Scheme is expected to be made by no later than 30 June 2025.



## Actuary's Statements

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### *Bank's contributions in respect of benefit augmentations*

In addition, the Bank shall pay the cost, as determined by the Scheme Actuary, of any benefit augmentations requested by the Bank and approved by the Trustee.

### **Arrangements for other parties to make payments to the Scheme**

Payments towards the Scheme may be paid by the Bank, or any subsidiary company thereof.

### **Dates of review of this schedule**

This schedule of contributions will be reviewed by the Trustee, the Participating Employers and the Bank no later than 15 months after the effective date of each actuarial valuation, due no later than every three years.

### **Bank and Trustee agreement**

This schedule of contributions has been agreed by Allied Irish Banks p.l.c., the other Participating Employers and the Trustee of the AIB Group UK Pension Scheme in March 2022.

Signed on behalf of Allied Irish Banks, p.l.c.



Keith Gore (Mar 30, 2022, 19:11 GMT+1) .....

Name

Keith Gore .....

Position

Head of Pensions, Employee Relations, Workforce Performance & HR Direct .....

Date

30/03/2022 .....

Signed on behalf of the Trustee  
of the AIB Group UK Pension Scheme



Name

Norbert Bannon .....

Position

Chairman .....

Date

30th March 2022 .....

## Actuary's Statements

**Certification of Schedule of Contributions**

Name of Scheme

AIB Group UK Pension Scheme

**Adequacy of rates of contributions**

1. I certify that, in my opinion, the rates of contributions shown in this Schedule of Contributions are such that the Statutory Funding Objective can be expected to be met by the end of the period specified in the Recovery Plan dated March 2022.

**Adherence to statement of funding principles**

2. I hereby certify that, in my opinion, this Schedule of Contributions is consistent with the Statement of Funding Principles dated March 2022.

The certification of the adequacy of the rates of contributions for the purpose of securing that the Statutory Funding Objective can be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

Signature



Gordon Clark (Mar 31, 2022 09:41 GMT+1)

Scheme Actuary

Gordon Clark, MA, FIA

Date of signing

31 March 2022

Name of employer

Mercer Limited

Address

Tower Place  
London  
EC3R 5BU

Qualification

Fellow of the Institute and Faculty of Actuaries

## Compliance Statement

### 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 Employers 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 Tracing Service  
The Lantern  
High Street  
Ilfracombe  
EX34 9QB

0345 300 0163  
[www.thepensionservice.gov.uk](http://www.thepensionservice.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.

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:

The Pensions Ombudsman  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

- (iii) TPAS The Pensions Advisory Service exists to assist members and beneficiaries of schemes in connection with difficulties which they have failed to resolve with the Trustees or Administrators of the scheme. TPAS may be contacted at:

TPAS The Pensions Advisory Service  
11 Belgrave Road  
London  
SW1V 1RB

- (iv) **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 a Trustee for acting unlawfully and can impose fines on wrongdoers.

TPR can be contacted at:

The Pensions Regulator  
Telecom House  
125-135 Preston Road  
Brighton  
BN1 6AF

0345 600 0707  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

- (v) **The Pension Protection Fund**

The Pension Protection Fund was established to provide compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

The Pension Protection Fund is a statutory fund run by the Board of the Pension Protection Fund, a statutory corporation established under the provisions of the Pensions Act 2004. The Pension Protection Fund became operational on 6 April 2005.

- (vi) **Scheme information**

The Trust Deed and Rules, the Scheme details and a copy of the Schedule of Contributions 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 administrator of the Scheme at the address detailed in this report.

## Report of Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to, based on pensionable service to the valuation date. This is assessed using the assumptions agreed between the Scheme's Trustee and the Bank and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The most recent full actuarial valuation of the Scheme was carried out as at 31 December 2020 and a financial update, known as an Actuarial Report, was carried out as at 31 December 2021 & 2022. The results are summarised below.

	31 December 2020	31 December 2021	31 December 2022
The Scheme's technical provisions were valued at	£1,330 million	£1,277 million	£795 million
The Scheme's assets were valued at	£1,309 million <sup>1</sup> £1,170 million <sup>2</sup>	£1,260 million <sup>3</sup> £1,136 million <sup>2</sup>	£790 million <sup>4</sup> £736 million <sup>2</sup>
This means there was a surplus/(shortfall) of	(£21 million) (£160 million <sup>2</sup> )	(£17 million) (£141 million <sup>2</sup> )	(£5 million) (£59 million <sup>2</sup> )
The funding level was therefore	98% 88% <sup>2</sup>	99% 89% <sup>2</sup>	99% 93% <sup>2</sup>

### Notes:

<sup>1</sup> For the 31 December 2020 actuarial valuation, an adjustment was made to the value of the Scheme's assets to ensure a consistent approach with the calculation of the technical provisions.

<sup>2</sup> Excludes the value attributed in the Scheme Financial Statements to the asset backed funding arrangement which was £139 million as at 31 December 2020, £124 million at 31 December 2021 and £54 million at 31 December 2022.

<sup>3</sup> The asset value of £1,260m is the market value of the Scheme's assets at 31 December 2021 shown in the Trustee Report and Financial Statements.

<sup>4</sup> The asset value of £790m is the market value of the Scheme's assets at 31 December 2022 shown in the Trustee Report and Financial Statements.

## Significant actuarial assumptions

The most significant actuarial assumptions used to determine the Scheme's technical provisions are summarised in the tables below. Full details on the assumptions used are outlined in the Scheme's Statement of Funding Principles dated 30 March 2022.

### Non-insured liabilities

	31 December 2020	31 December 2021	31 December 2022
Investment return	0.53% p.a.	1.06% p.a.	3.95% p.a. (pre-retirement) 4.25% p.a. (post retirement)
Future Retail Price Index (RPI) Inflation	3.15% p.a.	3.55% p.a.	3.35% p.a.
Future Consumer Price Index (CPI) Inflation – in deferment	2.60% p.a.	3.00% p.a.	3.20% p.a.
Pension increases in payment (RPI)	3.15% p.a.	3.55% p.a.	3.35% p.a.

### Insured liabilities

	31 December 2020	31 December 2021	31 December 2022	31 December 2023
Investment return				
- Pre retirement	1.15% p.a.	0.70% p.a.	3.50% p.a.	3.65% p.a.
- Post retirement	0.65% p.a.	1.00% p.a. (non-pensioners) 1.10% p.a. (pensioners)	3.80% p.a. (non-pensioners) 3.90% p.a. (pensioners)	3.95% p.a. (non-pensioners) 4.05% p.a. (pensioners)
Future Retail Price Index (RPI) Inflation	3.15% p.a.	3.50% p.a.	3.35% p.a.	3.25% p.a.
Future Consumer Price Index (CPI) Inflation – in deferment	2.40% p.a.	3.30% p.a.	3.20% p.a.	3.10% p.a.
Pension increases in payment (RPI)	3.15% p.a.	3.50% p.a. (non-pensioners) 3.70% p.a. (pensioners)	3.35% p.a. (non-pensioners) 3.45% p.a. (pensioners)	3.25% p.a. (non-pensioners) 3.35% p.a. (pensioners)

**Mortality**

	31 December 2020	31 December 2021	31 December 2022	31 December 2023
Mortality	S3PA “Light” tables with a scaling factor of: <ul style="list-style-type: none"> <li>• 101% for males and 92% for females (non-pensioners)</li> <li>• 97% for male and 91% for females (pensioners).</li> </ul> Future improvements in line with the Continuous Mortality Investigation (CMI) 2020 model with a long term improvement rate of 1.75% per annum and smoothing parameter (Sk) of 8.5.			

**Allowances**

	31 December 2020	31 December 2021	31 December 2022
GMP equalisation reserve	0.2% of the liabilities plus an allowance of £0.75m for the equalisation of historic transfer values		
Data reserve	3% of non-insured deferred liabilities		
Administration expense reserve	Consistent with the allowance in the asset backed funding arrangement		

**Method and derivation of assumptions**

The actuarial method used to calculate the Scheme’s technical provisions is the projected unit method. The significant technical provisions assumptions shown in the tables above are derived using the principles set out in in the Scheme’s Statement of Funding Principles dated 30 March 2022.