

Annual DC Governance for the Scheme year ending 31 December 2024

Background

This statement is produced pursuant to Regulation 23 of the Occupational Pension Schemes (Scheme Administration) Regulations 1996, as amended by subsequent legislation. It explains how the Europe Arab Bank plc Pension Scheme ("the Scheme") is meeting governance standards that apply to occupational pension schemes that provide money purchase benefits (also known as Defined Contribution ("DC") scheme.

The Trustees of Europe Arab Bank are required to produce an annual statement (which is signed by the Chair of Trustees) to describe how the governance requirements have been met in relation to:

- the default arrangement for the investment of members' funds;
- the range of self-select investment options and legacy funds;
- the requirements for processing financial transactions;
- the charges and transaction costs borne by members;
- an illustration of the cumulative effect of these costs and charges;
- net returns of the investment options;
- a 'Value for Members' assessment; and
- trustee knowledge and understanding.

As Chair of the Trustees, it is my pleasure to report to you on how the Trustees have embedded these standards in relation to the Scheme's DC Section over the period from 1 January 2024 to 31 December 2024.

The Statement of Principles (SIP) for the Defined Contribution (DC) Section of the Scheme, and this Statement should be read in conjunction with the Scheme's SIP from November 2021, which is subject to regular review by the Trustees.

This Statement and the SIP is available to view and download from the Company website:

<https://www.eabplc.com/downloads/EABChairsStatement.pdf>

<https://www.eabplc.com/downloads/EABDCStatementofInvestmentPrinciples.pdf>

This Statement does not contain advice in respect of actions that members should take and is not intended to be used for that purpose. If members need advice, Money Helper, a free and impartial service set up by the Government has a retirement adviser directory on their website:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/taking-your-pension/find-a-retirement-adviser>

1. Default Strategy

The Trustees are required to design a default strategy in members' interests and keep it under review. The Trustees need to set out the aims and objectives of the default strategy and take account of the level of costs and the risk profile that are appropriate for the Scheme's membership.

The Scheme is used as a qualifying scheme for auto-enrolment purposes. Qualifying schemes are required to have a default investment strategy in place for members who do not make an active investment choice.

The default strategy – Flexible Income Lifestyle

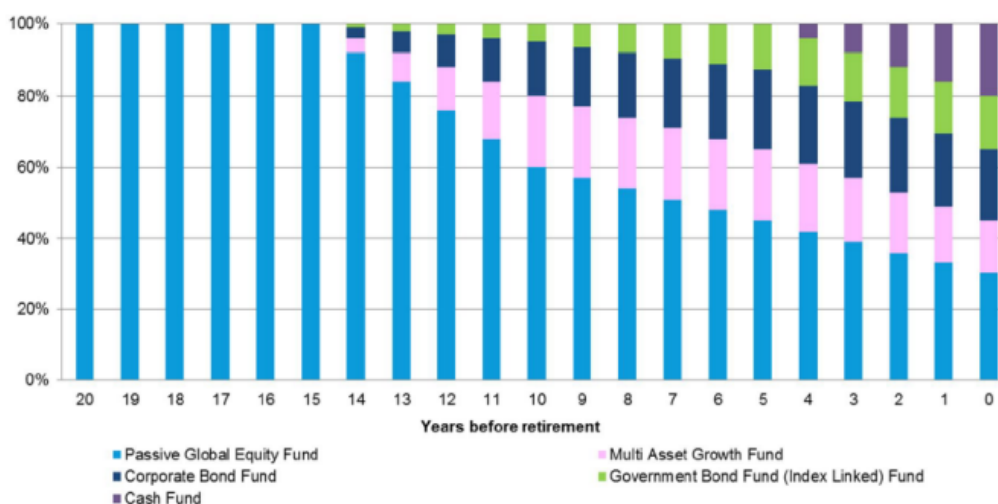
The Trustees are responsible for the Scheme's investment governance, which includes setting and monitoring the investment strategy for the Scheme's default strategy.

Since 2017, the default strategy has been the Flexible Income Lifestyle option. This works on the principle that at retirement members will use flexible income "drawdown" to provide a retirement income. This could be through a maximum of five cash lump sum withdrawals while remaining invested in the Scheme, or by

transferring their pension savings to a specialist income drawdown arrangement outside of the Scheme to give even more flexibility.

How it works

Up until 15 years before a member's selected retirement date, their savings are invested in funds which aim to deliver long-term growth (i.e., equities). After that time, their savings are gradually moved into a mix of bonds and multi asset growth funds, with a portion remaining in equities. Once a member reaches their selected retirement date, their savings are invested in a diversified mix of funds including an element of cash. This is to try and achieve a balance of growth versus security. The chart below illustrates how funds will be invested in the Flexible Income Lifestyle option:



It is recognised that some members will wish to pursue annuity purchase at retirement and so an annuity Lifestyle Option is also available, as well as the option to Self-Select their investment options. However, unless a member specifically requests to opt-in to the Annuity Lifestyle or Self Select options, their contributions will be invested in line with the default arrangement (the 'Flexible Income Lifestyle Option').

A copy of the latest Statement of Investment Principles - Defined Contribution Section, prepared in accordance with Regulation 2A of the Occupational Pensions Schemes (Investment) Regulations 2005 is attached.

Investment Strategy Review

The Trustees have appointed Aon Investments Limited (Aon) to provide them with investment advice.

To make sure that the DC investment options remain appropriate for the needs of their members, and in addition to quarterly performance monitoring, the Trustees carry out a review of the Scheme's investment strategy annually. This is supplemented by a detailed review of the Scheme's default strategy design in the context of the underlying membership profile at least every three years.

Detailed review

The Trustees, with support from Aon, undertook a detailed review of the Scheme's investment strategy on 20 December 2023. This included formally reviewing the default investment strategy with consideration being given to the membership profile of the Scheme (including member ages, fund value, salary, investment choices and projected retirement fund value) to determine whether the default investment strategy remained appropriate for the majority of members.

The Trustees agreed that the Flexible Income Lifestyle remained appropriate to be the Scheme's default investment strategy but considered making some changes to the underlying funds used within the strategy. These were considered in further detail over 2024 as part of the annual investment review (see below).

The next detailed strategic review is due to take place in 2026.

Quarterly performance monitoring and annual review

The Trustees carried out their annual investment review on 9 December 2024. This was a lighter touch review than the full strategic review carried out in December 2023. As part of the 2024 review, the Trustees discussed:

- Suitability of the existing fund range, including objectives and performance
- Performance of the default investment arrangement
- Positioning of the default investment arrangement in current market conditions
- Fund charges

The Trustees were comfortable that all members in the default investment strategy had achieved long-term positive investment returns that were in line with expectations. When reviewing the individual funds, whilst the majority of funds had performed in line with their aims and objectives over the year, a few performance flags were raised:

- **Negative performance of the Government (Index-Linked) Bond and Corporate Bond funds**
Both funds suffered negative investment returns due to periods of rising yield, high interest rates and gilt market volatility. The Trustees reviewed the strategic positioning of these funds as part of the 2023 detailed investment review and again in the 2024 annual review, in particular their long duration nature which makes them more sensitive to interest rate changes.
- **Underperformance of the Multi Asset Growth Fund versus its long-term target:**
Whilst the fund was mostly delivering positive absolute returns, these were behind the set performance target.

The Trustees therefore decided to make some changes to the underlying funds used within the default investment strategy:

- To replace the existing underlying fund for the Corporate Bond Fund with a Global Investment Grade Credit Mandate in order to reduce exposure to interest rate risk and improve global diversification for members;
- To lower the duration of the Government Bond (Index Linked) Fund in order to reduce member exposure to interest rate risk and volatility.

These changes will be implemented in 2025.

For the Multi Asset Growth Fund, the Trustees considered alternative options but, with support from their investment adviser, agreed none of these were suitable in the short-term and agreed that the current fund was still appropriate for members to invest in as, despite it underperforming its benchmark over the long term, it had achieved its other objectives such as lower volatility, low correlation with equities and lower maximum drawdown compared to equities. As such, the Trustees agreed to retain the fund for the short to medium term but will re-consider alternative options in more detail as part of the 2025 annual investment strategy review.

The Trustees reviewed four quarterly investment reports over 2024 to assess investment performance in addition to the annual investment review which was completed on 9 December 2024. This involved reviewing investment performance of each fund versus its set objective as well as versus long-term return expectations. This helps the Trustees identify any underperforming funds.

No other performance flags were raised other than those identified above for the Corporate Bond Government Bond (Index Linked) and Multi Asset Growth Fund.

Default Strategy Asset Allocation

The Trustees are required to disclose their full asset allocations of investments for each default strategy. The table below shows the percentage of assets allocated in the Scheme's default strategy (the Flexible Income Lifestyle) to specified asset classes as at 31 December 2024.

Average asset allocation as at 31 December 2024 (%)				
Asset class	25 years old	45 years old	55 years old	Normal Retirement Age (65)
Cash	0.5	0.5	0.4	18.1
Bonds	0.0	0.0	24.3	40.3
Corporate bonds	0.0	0.0	17.9	23.5
Fixed interest government bonds	0.0	0.0	1.2	1.7
Index-linked government bonds	0.0	0.0	5.2	15.1
Other bonds	0.0	0.0	0.0	0.0
Listed equities	98.0	98.0	63.1	32.6
UK equities	4.1	4.1	3.0	1.6
Developed market equities (excluding UK)	81.6	81.6	52.3	27.0
Emerging markets	12.3	12.3	7.9	4.1
Private equity	0.0	0.0	0.1	0.1
Infrastructure	0.0	0.0	0.0	0.0
Property*	1.5	1.5	2.0	1.3
Private debt	0.0	0.0	0.2	0.2
Other	0.0	0.0	10.0	7.5
TOTAL	100.0	100.0	100.0	100.0

Source: LGIM and Aon. Totals may not sum due to rounding. *Includes allocation to Real Estate Investment Trusts.

Net Investment Returns

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

The net investment returns shown below have been prepared having regard to statutory guidance.

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

Default Strategy – Flexible Income Lifestyle

The table below shows the net investment returns achieved for members of varying ages invested in the default strategy – the Flexible Income Lifestyle.

Age of member at start of investment reporting period*	1 Year Net Return (%)	5 Year Net Return (% p.a.)
25	16.4	8.9
45	16.4	8.9
55	8.6	2.5
60	4.7	0.9
65	3.3	0.6

*Age on 1 January 2024 for 1-year reporting and 1 January 2020 for 5-year reporting period. Source: LGIM and Aon. Performance as at 31 December 2024. Assumes annual lifestyle switching.

All members experienced positive net returns over the 1 and 5-year reporting period, albeit annualised returns were higher over the 1-year reporting period than the 5-year period. This reflects a generally positive year for most markets in 2024, whilst rising yields in 2022 and 2021 created drags for bond investments in particular.

Younger members achieved the strongest returns, a reflection that they are solely invested in equities via the Passive Global Equity Fund. Equity investments are expected to generate higher long-term returns albeit with a higher level of volatility.

The level of net returns achieved over the five years to 2024 decreases as members approach their selected retirement age, which is assumed to be 65 years in this case. This is to be expected as the Flexible Income Lifestyle automatically switches members' savings into a more diversified mix of assets in order to reduce the potential for volatility in the level of their savings as they approach retirement age. The mix of assets includes multi-asset funds as well as corporate and government bond funds, which are expected to generate slightly lower returns than equities over the long-term.

We also note that 5-year net returns for members close to retirement are lower due to the impact of negative returns from bond investments in 2022 and 2021 detracting from overall returns.

The Trustees plan to make changes to the bond investments over 2025 (as set out above) in order to improve future return potential.

Annuity Lifestyle

The table below shows the net investment returns achieved for members of varying ages invested in the second lifestyle strategy available to members – the Annuity Lifestyle.

Age of member at start of investment reporting period*	1 Year Net Return (%)	5 Year Net Return (% p.a.)
25	16.4	8.9
45	16.4	8.9
55	8.6	2.5
60	4.0	-3.0
65	-5.0	-5.9

*Age on 1 January 2024 for 1-year reporting and 1 January 2020 for 5-year reporting period. Source: LGIM and Aon. Performance as at 31 December 2024. Assumes annual lifestyle switching.

The net investment returns achieved by members in the Annuity Lifestyle were positive over 2024 for all members except the member who was at retirement age at the start of the reporting period. This member experienced negative net returns due to rising interest rates and yields. This member and the next oldest member also achieved negative returns over the 5-year reporting period for the same reason. Whilst this is disappointing, the Trustees have compared this performance to changes in annuity prices and are comfortable that members' annuity purchasing power has been maintained, in line with the objective of the strategy.

Self-Select Funds

The Table below shows the net investment returns achieved by each of the Self-Select funds over 2024.

Fund Name	1 Year Return (%)	5 year Return (% p.a.)
Passive Global Equity Fund	16.4	8.9
Responsible Investment Global Equity Fund	20.5	*n/a
UK Equity Fund	9.3	4.8
Ethical Global Equity Fund	19.5	12.7
Shariah Compliant Global Equity Fund	30.0	16.9
Multi-Asset Growth Fund	6.8	3.1
Government Bond (Index-Linked) Fund	-11.0	-8.3
Corporate Bond Fund	-9.0	-8.8
Cash Fund	5.2	2.2

Source: LGIM and Aon. Performance as at 31 December 2024. *The 5-year net return for the Responsible Investment Global Equity Fund is not available as the Fund was only added to the self-select range on 1 October 2021.

2. Core Financial Transactions

The Trustees have a specific duty to ensure that core financial transactions (including the investment of all contributions, transfers of member assets into and out of the Scheme, transfers between different investments within the Scheme and payments to and in respect of members) relating to the DC Section are processed promptly and accurately.

During the Scheme year, these transactions were undertaken on the Trustees' behalf by Broadstone Corporate Benefits Limited. The Scheme's investment manager, Legal & General Assurance (Pensions Management) Limited also provides these services.

The Trustees have reviewed the processes and controls implemented by these organisations and maintain the view that they are suitably designed to achieve these objectives. The Trustees have also agreed service levels (SLAs) and reporting against those service levels are reviewed via regular administration reports. During the Scheme year, Broadstone completed all core financial transactions within the agreed service levels. Overall, this reflects a modest improvement from the previous Scheme year.

Since taking on the administrative services in late-2023, Broadstone inherited a number of data rectification issues as a result of underperformance in prior years from the previous administrator, Mercer. Whilst most of the work has been completed, there is still some ongoing work in relation to historic pension increases to be resolved.

A new online portal *Engage* went live for DC members on 19 February 2024, and Broadstone sent out bulk mailing with login details to the Scheme's members.

For the year to 31 December 2024, the Trustees consider that the requirements for monitoring and processing core financial transactions specified in the Regulations have been met.

3. Member borne charges and transaction costs

The Trustees regularly monitor the level of charges borne by members through the funds. These charges comprise:

- Explicit charges, such as the Annual Management Charge (AMC), and additional expenses that are disclosed by the fund managers as part of the Total Expense Ratio (TER);

- Transaction costs borne within the fund for activities such as buying and selling of particular securities within the fund's portfolio.

The TER information is normally readily available as these charges are explicit and are deducted as a percentage of members' funds.

Transaction costs are costs which are incurred within the day-to-day management of the assets by the fund manager. This covers such things as the cost of buying and selling securities within the fund. Transaction costs are incurred on an on-going basis and are implicit within the performance of the fund.

The transaction costs shown are calculated using the standardised method set by the Financial Conduct Authority. As defined by the Financial Conduct Authority, explicit transaction costs are the costs that are directly charged to or paid by the fund and may include taxes and levies (such as stamp duty), broker commissions (fees charged by the executing broker in order to buy and sell investments) and costs of borrowing or lending securities.

Implicit transaction costs are calculated as the difference between the actual price paid (execution price) and the quoted 'mid-market price' at the time of the order was placed (arrival price). This method, although reasonable if observed over a long period of time, can result in a volatile measure from one year to another and can even result in a profit, which will be shown as a 'negative cost'.

This can happen, for example when buying an asset, if the actual price paid ends up being lower than the mid-market price at the time of placing the order, because something has happened in the market that pushes the price of the asset down - such as some negative publicity or a big sell order by someone else. Where there are negative costs, a lower bound of 0% has been applied to avoid potentially understating the total level of costs and charges.

The table below shows the TERs and transaction costs for the individual funds available to members through the Scheme.

All costs for the year to 31 December 2024 have been calculated and provided by Legal and General Investment Management ("LGIM").

Investment option	TER (%)	Transaction costs (%)	Total Cost
Lifestyle Strategies			
Flexible Income Lifestyle Option (default strategy)	0.21 – 0.28	0.04-0.06	0.25-0.33
Annuity Lifestyle Option	0.13 – 0.28	0.02-0.06	0.14-0.33
Self-Select Options			
Passive Global Equity Fund*	0.28	0.04	0.32
Responsible Investment Global Equity Fund**	0.24	0.01	0.25
UK Equity Fund	0.10	0.02	0.12
Ethical Global Equity Fund	0.30	0.00	0.30
Shariah Compliant Global Equity Fund	0.35	0.00***	0.35

Investment option	TER (%)	Transaction costs (%)	Total Cost
Multi Asset Growth Fund*	0.38	0.13	0.51
Government Bond (Index-Linked) Fund*	0.10	0.05	0.14
Corporate Bond Fund*	0.15	0.00***	0.15
Cash Fund*	0.13	0.00***	0.13

Source: LGIM. Data covers the 12 months up to 31 December 2024. *Used within the lifestyle strategies. **As there were no member assets invested in the Responsible Investment Global Equity Fund as at 31 December 2024, LGIM did not provide transaction costs for the year. As a result, the transaction cost shown was calculated based on the transaction costs associated with the underlying funds over the full 12 months to 31 December 2024. The Trustees are comfortable that the costs shown are reflective of the level of costs that members might incur as part of a regular investment in the Fund. ***A lower bound of 0.00% applies.

Over the year to 31 December 2024, the TERs applicable to the Scheme's default strategy ranged from 0.21% p.a. to 0.28% p.a. of assets under management, varying over each member's term to retirement age. The table below shows how the TER and transaction costs of the Flexible Income Lifestyle (the default strategy) have varied with a member's term to retirement over the reporting period:

Years to retirement	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.28	0.28	0.28	0.27	0.27	0.27	0.27	0.26	0.26	0.25	0.25	0.24	0.23	0.23	0.22	0.21
Transaction costs %	0.04	0.05	0.05	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.04	0.04
Total costs %	0.32	0.33	0.33	0.32	0.32	0.33	0.32	0.31	0.31	0.30	0.30	0.29	0.28	0.28	0.26	0.25

The TER applicable to the default strategy remained well below the regulatory charge cap of 0.75% p.a. over the period.

Similarly, the level of charges and transaction costs applicable to the Annuity Lifestyle also varied depending on the number of years left until a member's selected retirement age, as shown in the table below.

Years to retirement	15+	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0
TER % p.a.	0.28	0.28	0.28	0.27	0.27	0.27	0.27	0.26	0.26	0.25	0.25	0.22	0.20	0.17	0.15	0.13
Transaction costs %	0.04	0.05	0.05	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.05	0.04	0.04	0.03	0.03	0.02
Total costs %	0.32	0.33	0.33	0.32	0.32	0.33	0.32	0.31	0.31	0.30	0.30	0.26	0.24	0.20	0.18	0.15

Cost and charge illustrations

The Occupational Pension Schemes (Administration and Disclosure) (Amendment) Regulations 2018 require the Trustees to illustrate the cumulative effect over time of the application of transaction costs and charges on the value of a member's benefits.

The next few pages contain illustrations of the cumulative effect of costs and charges on the value of member savings within the Scheme over a period of time. The illustrations have been prepared with regard to the statutory guidance.

Each of the charts and tables below illustrates the potential impact that costs and charges might have on different investment options provided by the Scheme.

- The charts show the potential impact that costs and charges might have for three example members who have assets invested in the default strategy (the Flexible Income Lifestyle). The majority of members in the DC section of the Scheme are invested in this strategy. As a reminder, when

members are 15 years away from retirement, this strategy starts to switch members' funds from the Passive Global Equity Fund into a mix of the Multi-Asset Growth Fund, the Corporate Bond Fund and the Government Bond (Index-Linked) Fund, with an allocation to the Cash Fund being introduced 5 years from retirement.

- Under each chart, there is a table showing the potential impact that costs and charges might have if the example member were invested in a fund that:
 - Has the highest level of costs and charges of the investment options available to members (the Multi-Asset Growth Fund)
 - Has the lowest level of costs and charges of the investment options available to members (the UK Equity Fund)
 - Has a lower expected return compared to the one illustrated in the chart (the Cash Fund).

Please note that not all investment options available are shown in the illustrations. Members are offered a wider range of lifestyle strategies and self-select funds which carried a range of TERs and transaction costs over the period to 31 December 2024. These investment options are laid out in the table above.

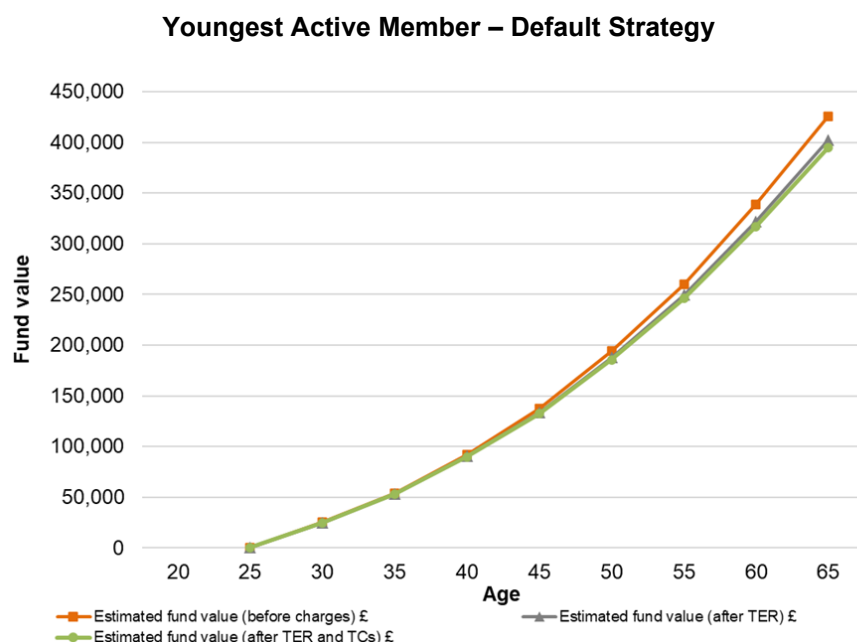
The Trustees have selected three example members for whom illustrations have been provided as the youngest active member, a typical active member and a typical deferred member (with example member information determined using recent Scheme data).

As each member has a different amount of savings within the Scheme and the amount of any future investment returns cannot be known in advance, nor the level of future costs and charges, the Trustees have had to make several assumptions about what these might be. All assumptions are explained in the notes section below the illustrations.

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. This means that the information contained in this Chair's Statement is not a substitute for the individual and personalised illustrations which are provided to members each year by the Scheme.

Youngest Active Member

For the youngest member invested in the Flexible Income Lifestyle (the default investment strategy), the estimated impact of costs and charges on the member's accumulated fund value is shown in the chart and table below. The amounts shown relate to a member aged 25, current fund value of £500, salary of £35,000, employer contributions as per the current age-related contribution structure plus a 3% matched additional voluntary contribution (which the majority of members utilise) and a Normal Retirement Age of 65.

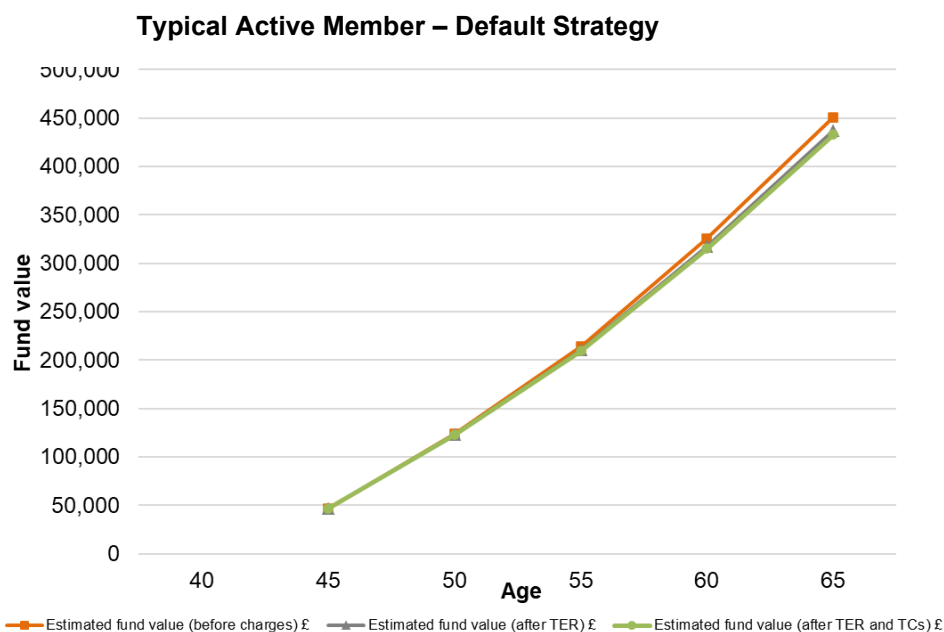


As the projected fund values are dependent on investment returns as well as the level of costs and charges, comparison figures are also included in the table below. For comparison purposes, projected values are shown for if the example member were invested in the highest charging self-select fund (the Multi-Asset Growth Fund) and the lowest charging self-select fund (the UK Equity Fund). Projected values are also shown for if the example member was invested in the Cash Fund, which has a lower expected return and lower costs compared to the default strategy.

Age	Default Strategy: Flexible Income Lifestyle Shown <i>in chart</i>			Cash Fund (Low cost, low expected return)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
25	500	500	0	500	500	0
30	25,060	24,830	230	22,690	22,610	80
35	54,100	53,120	980	44,340	44,030	310
40	92,220	89,740	2,480	68,880	68,190	690
45	137,310	132,320	4,990	92,830	91,610	1,220
50	194,410	185,550	8,860	119,620	117,710	1,910
55	260,270	245,860	14,410	145,760	143,000	2,760
60	338,720	316,880	21,840	174,680	170,910	3,770
65	425,640	394,800	30,840	202,900	197,960	4,940
Age	Multi-Asset Growth Fund (Highest cost)			UK Equity Fund (Lowest cost)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
25	500	500	0	500	500	0
30	23,840	23,510	330	25,060	24,990	70
35	48,950	47,580	1,370	54,100	53,790	310
40	79,530	76,300	3,230	92,220	91,430	790
45	112,410	106,340	6,070	137,310	135,710	1,600
50	151,360	141,300	10,060	194,410	191,550	2,860
55	193,240	177,880	15,360	261,940	257,250	4,690
60	241,870	219,680	22,190	345,580	338,280	7,300
65	294,150	263,410	30,740	444,500	433,610	10,890

Typical Active Member

For a typical active member invested in the default investment strategy, the estimated impact of costs and charges on a member's accumulated fund value is shown in the chart and table below. The amounts shown relate to a member aged 45, current fund value of £47,000, salary of £75,000, employer contributions as per the current age-related contribution structure plus a 3% matched additional voluntary contribution (which the majority of members utilise) and a Normal Retirement Age of 65. These demographics are considered to reflect a typical active member based on the Scheme's current membership.



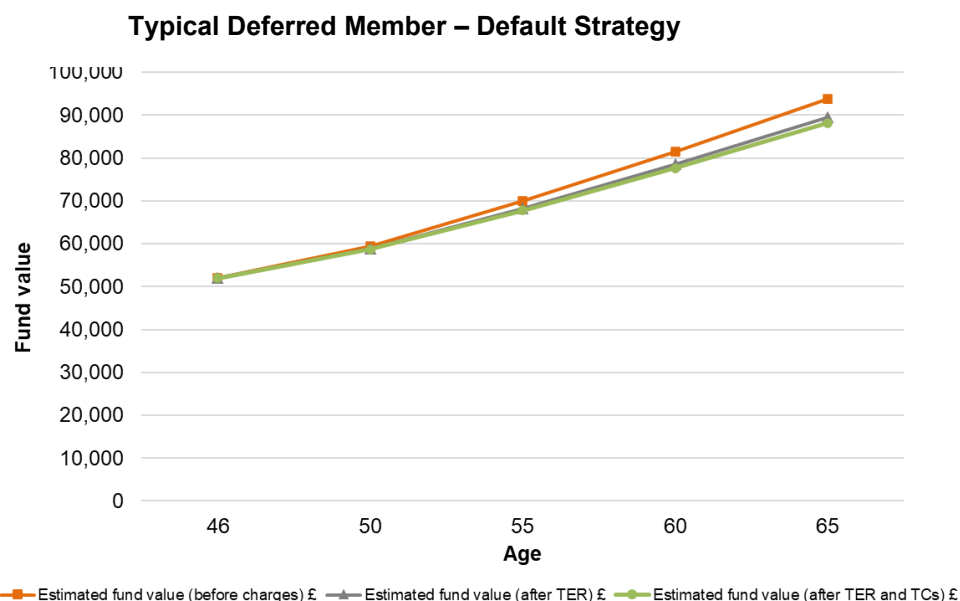
As the projected fund values are dependent on investment returns as well as the level of costs and charges, comparison figures are also included in the table below. For comparison purposes, projected values are shown for if the example member were invested in the highest charging self-select fund (the Multi-Asset Growth Fund) and the lowest charging self-select fund (the UK Equity Fund). Projected values are also shown for if the example member was invested in the Cash Fund, which has a lower expected return, and lower costs compared to the default investment strategy

Age	Default Strategy: Flexible Income Lifestyle <i>Shown in chart</i>			Cash Fund (Low cost, low expected return)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
45	47,000	47,000	0	47,000	47,000	0
50	124,150	122,600	1,550	108,070	107,540	530
55	214,110	209,230	4,880	167,660	166,200	1,460
60	325,510	315,130	10,380	233,140	230,350	2,790
65	450,630	432,750	17,880	297,030	292,510	4,520

Age	Multi-Asset Growth Fund (Highest cost)			UK Equity Fund (Lowest cost)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
45	47,000	47,000	0	47,000	47,000	0
50	115,850	113,580	2,270	124,150	123,660	490
55	189,890	183,230	6,660	215,400	213,840	1,560
60	277,190	263,670	13,520	331,400	327,970	3,430
65	371,070	347,820	23,250	468,610	462,230	6,380

Typical Deferred Member

For a deferred member invested in the default investment strategy, the estimated impact of charges on a member's accumulated fund value is shown in the table and chart below. The amounts shown relate to a member aged 46, current fund value of £52,000, no ongoing contributions and a Normal Retirement Age of 65, which reflects a typical deferred member based on the Scheme's current membership.



As the projected fund values are dependent on investment returns as well as the level of costs and charges, comparison figures are also included in the table below. For comparison purposes, projected values are shown for if the example member were invested in the highest charging self-select fund (the Multi-Asset Growth Fund) and the lowest charging self-select fund (the UK Equity Fund). Projected values are also shown for if the example member was invested in the Cash Fund, which has a lower expected return, and lower costs compared to the default investment strategy.

As shown in the table below, the projected fund values prior to charges for the Cash Fund fall over time for the typical deferred member. This is because the assumed nominal return achieved by the Cash Fund is less than the long-term inflation assumption used within the modelling, which results in a negative real return.

Age	Default Strategy: Flexible Income Lifestyle <i>Shown in chart</i>			Cash Fund (Low cost, low expected return)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
46	52,000	52,000	0	52,000	52,000	0
50	59,470	58,660	810	50,990	50,710	280
55	69,880	67,750	2,130	49,760	49,140	620
60	81,420	77,620	3,800	48,560	47,620	940
65	93,850	88,150	5,700	47,390	46,150	1,240

Age	Multi-Asset Growth Fund (Highest cost)			UK Equity Fund (Lowest cost)		
	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)	Est. fund value before charges (£)	Est. fund value after charges (£)	Effect of charges (£)
46	52,000	52,000	0	52,000	52,000	0
50	55,110	53,910	1,200	59,470	59,220	250
55	59,260	56,400	2,860	70,350	69,660	690
60	63,730	59,000	4,730	83,210	81,950	1,260
65	68,530	61,720	6,810	98,420	96,400	2,020

The following assumptions have been made for the purposes of the above illustrations:

1. Projected pension pot values are shown in today's terms, and do not need to be reduced further for the effect of future inflation.
2. Inflation is assumed to be 2.5% each year.
3. Salary growth is assumed to be in line with inflation each year (0% real salary growth)
4. Values shown are estimates and are not guaranteed.
5. The assumed growth rates (gross of costs and charges) are as follows:
 - Passive Global Equity Fund 6.0% p.a.
 - Multi-Asset Growth Fund 4.0% p.a.
 - Corporate Bond Fund 6.0% p.a.
 - Government Bond (Index Linked) Fund 7.0% p.a.
 - Cash Fund 2.0%
 - UK Equity Fund 6.0%

These assumptions have been produced in accordance with legislation and relevant guidance based upon historic volatility of each of the funds.

6. The lifestyle strategy is assumed to undergo rebalancing on an annual basis.
7. Contributions are assumed from current age to 65, increasing in line with the age-related structure in place, plus an additional 6% (reflecting a 3% employee additional voluntary contribution, which attracts a further 3% uplift through employer matching contributions).

The age-related contribution structure is as follows:

Age	Company contribution (%)
16-24	5
25-34	7
35-44	9
45-54	11
55 onwards	13

8. The transaction costs, as defined in regulation 2(1) of the Occupational Pension Schemes (Charges and Governance) Regulations 2015, should be based on an average of the previous 5 years' transaction costs or, where data is available for fewer than 5 years, an average of transactions costs over the years for which data is available.

Fund	TER (%)	Average Transaction Costs (%)
Passive Global Equity Fund	0.28	0.08
Multi-Asset Growth Fund	0.38	0.19
Corporate Bond Fund	0.15	0.00
Government Bond (Index Linked) Fund	0.10	0.09
Cash Fund	0.13	0.01
UK Equity Fund	0.10	0.02

A floor of 0% p.a. has been used for transaction costs if these values were negative in any year so as not to potentially understate the effect of charges on fund values.

Value for members

Trustees of specified schemes must carry out a holistic assessment of how their scheme delivers value for members. The outcome of this assessment must be reported in the annual DC Chair's Statement and include consideration of reported costs and charges, fund performance (and net investment returns) and other measures of scheme governance and administration. The regulations require the Trustees to test the Scheme against comparable UK schemes or DC arrangements, including one which is ready and able to take on the assets and liabilities of DC members if necessary.

The Trustees have carried out a value for members assessment as at 31 December 2024. The conclusions of this assessment are set out in the table below:

Assessment area	Conclusion
Costs and charges	The costs and charges paid by members for a member aged 65 in the current arrangements are broadly less expensive versus the comparator schemes. Meanwhile, for a member aged 45 or 55, the total costs and charges for the current arrangements are broadly in line with the median comparator scheme.
Net investment performance	Over the past 1-year and 5-year periods, the current default arrangement has delivered returns which are broadly lower than the median comparator, for a member aged 55 and 65. This is largely explained by the higher bond allocation in the current default arrangement (which have delivered significant negative returns over the past five years since the Covid pandemic, due to rising bond yields and higher inflation expectations over this period) versus the comparators in the final years before retirement. Meanwhile, for a member aged 45 (i.e. that sits within the growth phase) the current default arrangement has outperformed the median comparator over the 1-year and 5-year period.
Governance and administration	<p>In assessing the governance and administration of the current arrangements against the seven key metrics, The Trustees are satisfied that the Scheme is performing at a satisfactory level in these areas. Following the switch in administrator in the previous Scheme year, members are now able to access information relating to their investments online. Scheme year, members are now able to access information relating to their investments online. Meanwhile, after inheriting a number of data rectification issues from the previous administrator, Broadstone worked on resolving these during the Scheme year. Most of the work has been completed.</p> <p>Specifically in relation to investment governance, this assessment is provided in the context of the latest lighter touch review of the Scheme's investment strategy, which the Trustees undertook in December 2024. This followed the detailed strategy review in December 2023, which formally reviewed the default strategy with consideration being given to the membership profile of the Scheme (including member ages, fund value, salary, investment choices and projected retirement fund value) in order to determine whether the default strategy remained appropriate for the majority of members. Following the review, the Trustees decided that the current default strategy remained appropriate for the majority of the Scheme's members.</p>
Overall	The Trustees' overall assessment is that the current arrangements provide value for members.

Costs in respect of the running of the Scheme, such as administration and adviser fees, but excluding individual transaction costs such as at retirement fees, are met directly by the Employer. The Trustees have also considered the investment management charge cap put in place by the UK Government for the default arrangements of defined contribution schemes used for auto-enrolment purposes.

Overall, the Trustees conclude that the Scheme provides good value for members. The assessment will be updated in 2026.

5. Trustee Knowledge and Understanding

The requirements under sections 247 and 248 of the Pensions Act 2004 (requirement for knowledge and understanding – individual and corporate trustees) have been met during the Scheme year by a continuous process of relevant on-the-job training. The Trustee Board is chaired by a knowledgeable and experienced APPT Accredited professional independent trustee and all the Trustees have successfully completed all relevant modules of the Pensions Regulator's Trustee Toolkit.

During the Scheme year, one member-nominated trustee ("MNT") was appointed on 26 February 2024, to replace the previous MNT who resigned in the previous Scheme year. The new MNT undertook the requirements to complete the Pension Regulator's Trustee Toolkit within six months of their appointment. The Trustees believe as a group they have sufficient knowledge and understanding of the law relating to UK trust-based pensions and review training needs annually with their advisors.

The Trustees last reviewed and updated the Statement of Investment Principles (SIP) for the DC section in November 2021 in conjunction with Aon to reflect changes made to the Scheme's investment strategy. The SIP now takes into account all financially material considerations (including but not limited to Environmental, Social and Governance (ESG) factors). A copy of the updated document will be appended to the 31 December 2024 scheme accounts and is also publicly available on the Europe Arab Bank plc company website: <https://www.eabplc.com/downloads/EABChairsStatement.pdf>
<https://www.eabplc.com/downloads/EABDCStatementofInvestmentPrinciples.pdf>

As a result of the Competition and Markets Authority (CMA) review of the investment consulting industry, the Trustees agreed investment consultant objectives with Aon in advance of the deadline of 10 December 2019. The Trustees last reviewed Aon's performance against these objectives in Q4 2022. These objectives will next be reviewed before December 2025.

The Trustees maintain and regularly review their DC Governance checklist at Trustee meetings. This has helped to identify the need for a Trustees' Succession Plan, which was implemented in 2018, and includes an Induction Plan for new Trustees, last updated in 2022. During the Scheme year to 31 December 2024, the Trustees did not carry out a trustee effectiveness review.

A Governance Report and Business Plan is also maintained by the Trustees, which records all of the Trustees' policies and their Trustee Training Register, and this is reviewed at each Trustees' meeting. As part of this, the Trustees have developed a Trustee Training plan outlining relevant topics that they will be addressing in the year and who will be providing the training to them. The Trustees feel that they have a good working knowledge of the Trust Deed and Rules as a result of the policies that they have implemented and refer to this key document on a regular basis when discretionary cases arise. The Trustees also seek advice from their consultants and legal advisers where they feel the need for clarity on their interpretation of the Scheme Rules.

The Trustees ensure that they have the knowledge and understanding by considering Trustee Knowledge and Understanding requirements at every Trustees' meeting and, where any specific gaps in knowledge or understanding are identified, bespoke training is arranged to address this accordingly. The Trustees have received updates from their advisers at regular Trustees' meetings throughout the year on relevant topics. These include updates on investment markets, advice on investment strategy, transaction cost disclosure and SIP requirements, and current pension issues. During the Scheme year to 31 December 2024, the Trustees did not undertake any training on specific topics, however given that training needs are considered on an

individual basis, several topics including Environmental, Social and Governance issues, legislation on new reporting requirements for DC schemes, and the potential requirements of the Pension Regulator's new General Code of Practice, were proposed for the following Scheme year.

The professional trustee, Roger Mattingly (representing Ross Trustees Services Limited) is an Accredited Professional Trustee, as accredited by the Association of Professional Pension Trustees (the APPT). The professional trustee maintains a comprehensive record of his Continuous Professional Development (CPD), which includes many events devoted to DC governance. Further to this, the professional trustee is a trustee on three DC Master Trust trustee boards and has led on climate change reporting for the Occupational Pensions Stewardship Council.

Taking account of actions taken individually and as a Trustee body, and the professional advice available to them, the Trustees consider that they are enabled properly to exercise their duties and responsibilities as Trustees of the Scheme.

6. Non-Affiliation of Trustees and Member Representation

The Scheme is not constrained by the requirements of regulation 27(2) of the Regulations for the majority of the Trustees to be non-affiliated as it is not a Master Trust but, as stated, the Board of the Trustees is chaired by a non-affiliated professional independent trustee.

The Trustees continue to encourage members of the Scheme to make their views on matters relating to the Scheme known. A series of member presentations were carried out during 2017 to make sure, as far as is possible, that members have all the information they may require to make informed decisions, as necessary. It is also planned, with the assistance of the Employer, to carry out another round of member presentations, and this will be run alongside the introduction of an online benefits platform.

Members receive an annual benefit statement which sign-posts them to where they can find this Statement to understand the default strategy, the returns on investment, the charges/transaction costs and how these represent value for members.

7. Governance Statement

As Trustees, we have reviewed and assessed our systems, processes and controls across key governance functions, and we are satisfied that these are consistent with those set out in the Pensions Regulator's:

- Code of Practice 13: Governance and administration of occupational trust-based schemes providing money purchase benefits (replaced by the General Code of Practice in March 2024)
- Regulatory guidance for defined contribution schemes

Based on our assessment we believe that we have adopted the standards of practice set out in the DC code and DC regulatory guidance. These help demonstrate the robust administration processes and investment governance required to achieve good outcomes for members.

Signed for and on behalf of the Trustees of the Europe Arab Bank Plc Pension Scheme by

Zedra Governance Limited

Date: 23/7/2025