

Yorkshire Building Society Pension Scheme

Summary funding statement as at 31 December 2023

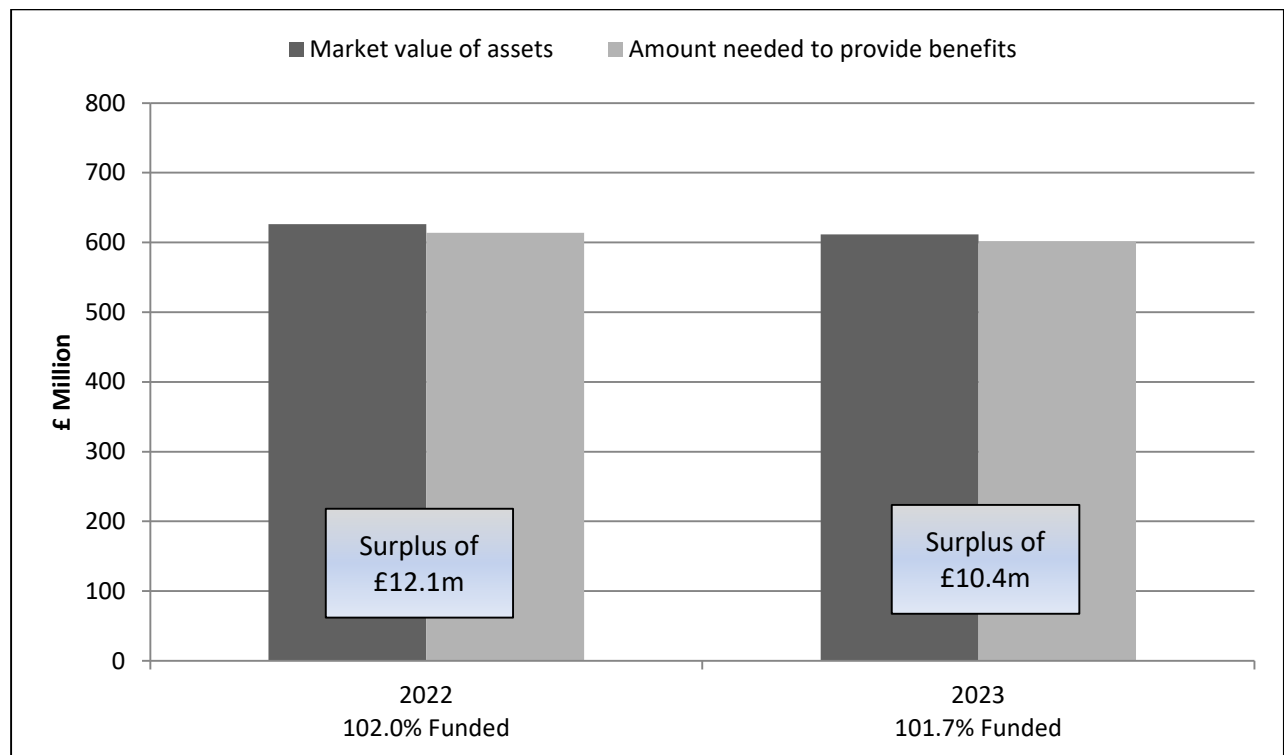
Purpose of statement

This statement is issued on behalf of the Trustee of the Yorkshire Building Society Pension Scheme ("the Scheme"), to provide members of the Defined Benefit (DB) sections with information about the Scheme's funding position.

The Trustee works to ensure the Scheme has the funds it needs to pay the Scheme's members when they are due to receive their pension benefit and the Scheme Actuary (a professional funding expert) carries out regular checks by way of assurance. A full valuation of the Scheme is carried out every three years, to work out the cost of providing the benefits that have already been earned, with further assessments made in the years in between. The last full valuation was carried out as at 31 December 2022, and included a wider review of all funding assumptions (e.g. inflation, investment returns, life expectancy, etc.). In years where there is no full valuation the Scheme Actuary carries out an interim approximate update.

Previous full valuation and latest approximate updates

As stated above, the last full valuation of the Scheme was completed as at 31 December 2022. A subsequent approximate update was completed as at 31 December 2023. The Scheme's funding positions at these dates were:

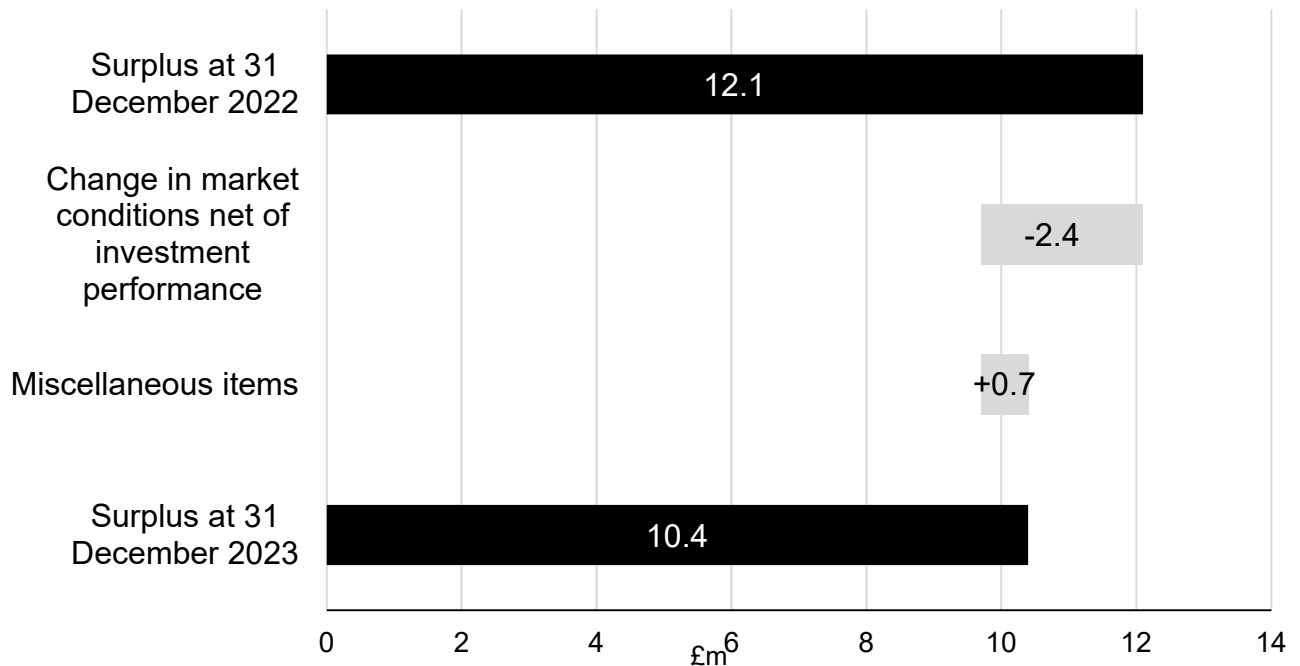


Notes:

- All figures exclude individual insured annuities held in the Trustee's name
- All figures include the pensioner buy-in contract (see further details on next page).

Update on the financial position

An updated assessment of the Scheme's financial position has been carried out with an effective date of 31 December 2023. This involves an approximate update of the full valuation carried out as at 31 December 2022. The funding position has deteriorated slightly since the 31 December 2022 assessment although the Scheme remains in surplus, of £10.4m. The chart on the following page illustrates the main movements since the 31 December 2022 update.



The miscellaneous items are mainly in respect of interest on the surplus.

Future contributions

As there was a surplus in the Scheme as at 31 December 2023, the Society is not required to pay contributions to rectify funding shortfalls.

Pensioner buy-in

In mid-November 2018 the Scheme entered into a pensioner buy-in contract with Pension Insurance Corporation (PIC), an insurance company regulated by the Financial Conduct Authority. A buy-in contract is an insurance policy that provides the Scheme with the pension payments due to be made to the insured individuals. It increases security of all members' benefits and helps the Scheme reduce the risks it faces (eg inflation, interest rate movements and longevity). The premium of £250.4 million was paid for out of the Scheme's assets, with no additional funding required from the Society.

As part of this statement we have to tell you:

- If the Scheme had wound up on 31 December 2023 then the DB Section had enough money to cover 95.6% of the estimated cost of buying members' benefits with an insurer (increased from 94.4% as at 31 December 2022). The Society has no plans to wind up the Scheme.
- That there had not been any payment to the Society out of the Scheme's funds in the previous year.
- The Scheme has not received any directions from the Pensions Regulator to change contributions or benefits.

In the unlikely event that the Society became insolvent and was unable to pay the full amount, members might not get the pension you expect from the Scheme. If that happened the Pension Protection Fund (PPF) could take over the Scheme's liabilities and pay compensation to members. You'll find more information about the PPF online at <http://www.ppf.co.uk>.

In the unlikely event that PIC became insolvent and unable to pay the benefits due under their insurance contract the benefits would be protected in full by the Financial Services Compensation Scheme (FSCS). You'll find more information about the FSCS at: <https://www.fscs.org.uk>

Guaranteed Minimum Pension (GMP) equalisation judgment

On 26 October 2018, the High Court handed down its judgment in the Lloyds Bank Trade Union case, relating to equalisation of benefits for the gender effects of GMP ("GMP equalisation") for men and women earned from 1990 to 1997. The judgment left a number of details to be decided, but it may have an effect on some members' benefits in the Scheme. Affected members might be due top-ups to their pensions, although for most members any ongoing top-up amount is likely to be small. The majority of affected members were contacted in May 2024 and will now have received top-ups they were due. A reserve of £2 million has been included in the 31 December 2022 actuarial valuation to cover the estimated changes to benefits and cost of equalising the benefits. We will provide you with further information on this in due course.

Climate change report

The Trustee is also now required to publish a climate change report each year, and the report for the year to 31 December 2023 is available to view at the link below.

https://ybspensionscheme.co.uk/documents/YBS_TCFD_Report_31Dec2023.pdf

The report provides members with the opportunity to find out more about the work carried out by the Trustee in relation to climate change. A hard copy of the report is available on request – please see the contact details below.

More about the Yorkshire Building Society Pension Scheme

Further information regarding your benefits in the Scheme can be provided by the administrators of the Scheme:

XPS Group at 4th Floor Wellbar Central, Gallowgate, Newcastle upon Tyne, NE1 4TD or via email to ybs@xpsgroup.com.

Further information about the Scheme is available by written request to Caroline Cheetham at Yorkshire House, Yorkshire Drive, Bradford, BD5 8LJ or via email to peopleservices@ybs.co.uk.