

Northern Bank Pension Scheme

Annual Report and Financial Statements for the year
ended 31 December 2024

Pension Scheme Registry Number: 10015013

Table of Contents

Section	Page
A Trustee and its Advisors	2-4
B Report of the Trustee	5-11
C Investment Report	12-16
D Statement of Trustee's Responsibilities for the Financial Statements	17-18
E Independent Auditor's Report to the Trustee of the Northern Bank Pension Scheme	19-23
F Fund Account	24
G Statement of Net Assets (Available for Benefits)	25
H Notes to the financial statements (forming part of the Financial Statements)	26-45
I Compliance Statement	46-47
J Further Information	48-49
K Independent Auditor's Statement about Contributions to the Trustee of the Northern Bank Pension Scheme	50-51
L Statement of Trustee's Responsibilities in respect of Contributions and Trustee's Summary of Contributions	52-53
Appendices	54-58
Appendix 1 – Actuarial Statements (including the Actuary's Certification of Schedule of Contributions and the Report on Actuarial Liabilities)	
Appendix 2 – Implementation Statement (Statement of Compliance with the Northern Bank Pension Scheme's Stewardship Policy for the year ended 31 December 2024)	

A TRUSTEE AND ITS ADVISORS

The Trustee

Northern Bank Pension Trust Limited is the Corporate Trustee of the Northern Bank Pension Scheme ("Scheme"). The names of the Directors at the date of approval of this report are set out below. There were no changes to the Directors or to the Secretary of the Trustee Company during 2024, nor up to the date of approving the financial statements.

Directors of the Corporate Trustee

Nominated by the employer:

N Chadha (Chairman, PAN Trustees UK LLP)
PAN Trustees UK LLP, represented by Mike Roberts and Kate Whittingham

Secretary to the Trustee

WTW, represented by A Rutherford and R Cooper

Principal employer

Northern Bank Limited
Donegall Square West
Belfast
BT1 6JS

A TRUSTEE AND ITS ADVISORS (*CONTINUED*)

Advisors

The advisors to the Corporate Trustee are set out below. Changes to the advisors of the Trustee Company during 2024 are detailed in the Compliance Statement on pages 46 to 47 of this report.

Scheme Actuary

C Downie (*resigned 20 September 2024*)
 A Hornell (*appointed 20 September 2024*)
 WTW
 1st Floor
 2 Semple Street
 Edinburgh
 EH3 8BL

Legal Advisors

Sackers & Partners LLP
 20 Gresham Street
 London
 EC2V 7JE

Burges Salmon LLP
 One Glass Wharf
 Bristol
 BS2 0ZX

Administrator

Equiniti
 Sutherland House
 Russell Way
 Crawley
 West Sussex
 RH10 1UH

Pensioner Payroll

MHR
 Ruddington Hall
 Ruddington
 Nottinghamshire
 NG11 6LL

Investment Advisor

Hymans Robertson LLP
 Exchange Place One
 1 Semple Street
 Edinburgh
 EH3 8BL

Consultancy Services

WTW
 1st Floor
 2 Semple Street
 Edinburgh
 EH3 8BL

Lane Clarke & Peacock LLP
 95 Wigmore Street
 London
 W1U 1DQ

KPMG LLP
 Advisory
 Saltire Court
 20 Castle Terrace
 Edinburgh
 EH1 2EG

PricewaterhouseCoopers LLP
 Atria One
 144 Morrison Street
 Edinburgh
 EH3 8EX

Auditor

Deloitte LLP (resigned 27 January 2025)
Lincoln Building
27-45 Great Victoria Street
Belfast
BT2 7AQ

Grant Thornton UK LLP
(appointed 12 February 2025)
8 Finsbury Circus
London
EC2M 7EA

AVC Providers

Standard Life Assurance Limited
Standard Life House
30 Lothian Road
Edinburgh
EH1 2DH

Investment Manager

BlackRock (*contract ended in August 2024*)

Drapers Gardens
12 Throgmorton Avenue
London EC2N 2DL

Bulk Purchase Annuity Providers

Prudential Assurance Company Limited
Laurence Pountney Hill
London
EC4R 0HH

Banker

Northern Bank Ltd (t/a Danske Bank)
Donegall Square West
Belfast
BT1 6JS

Aviva Life & Pensions UK Limited
Wellington Row
York
YO90 1WR

Global Custodian

The Bank of New York Mellon, London
Branch (*contracted ended in September 2024*)
One Canada Square
Canary Wharf
London E14 5AL

Property Managers

Osborne King
6-9 Donegall Square South
Belfast
BT1 5JA

Savills
33 Margaret Street
London
W1G 0JD

B REPORT OF THE TRUSTEE

Introduction

The Trustee presents its annual report and the audited financial statements of the Northern Bank Pension Scheme for the year ended 31 December 2024.

The Scheme was established under a Trust Deed and is a registered pension scheme for the purposes of the Finance Act 2004. The Scheme is a Defined Benefit scheme and was closed to future accrual on 30 September 2018. The Trustee holds Scheme funds on trust to apply them for the purpose of paying pensions and other benefits in accordance with the Trust Deed and Rules. Members were previously contracted-out of the additional component of the State Second Pension (S2P) on the salary-related basis until 5 April 2016.

Management of the Scheme

The Principal Employer is responsible for appointing Directors to the Board of the Corporate Trustee. The power of appointment and removal of the Corporate Trustee is exercisable by the Principal Employer. The power of appointment and removal of the Directors of the Corporate Trustee is exercisable under the Memorandum and Articles of Association of the Corporate Trustee.

The Trustee is responsible for ensuring that all benefits are paid correctly as well as keeping members fully informed on matters concerning the Scheme, the monitoring of the administration of the Scheme and the performance of the insurance providers and deciding upon the long-term strategy. Most of the Scheme's liabilities are covered under insurance policies, the last of which was entered in to in 2023. The Trustee continues to remain responsible for reviewing and monitoring the systems and structures the Scheme has in place to create an effective system of governance.

Corporate Trustee Meetings during the year

There were twenty-five Board meetings during the year ended 31 December 2024 at which matters relating to the operation and administration of the Scheme were considered. During the year the Board received reports from the Scheme's Administrators, Scheme Consultants, Scheme Actuary and Property Managers, and considered ongoing matters through scheduled quarterly Scheme Administration focused meetings or Monthly Trustee catch up meetings. A Pensions Dashboard Working Group was also set up from November 2024 for the purpose of considering work required ahead of connecting to the Dashboard.

Custody of Investments

Until January 2024, the Bank of New York Mellon, London Branch, provided custodial services to the Northern Bank Pension Scheme in respect of the collateral (ring-fenced pool of assets) provided by Prudential under the terms of the Bulk Purchase Annuity Policy established on 31 December 2013 and subsequently adjusted on 1 February 2015 and managed under the terms of the Account Control Agreement. The collateral arrangements were unwound to align the aforementioned insurance policies with the most recent insurance policy entered in to in September 2023; the unwinding of the collateral concluded in January 2024. The Bank of New York Mellon, London Branch, also provided custodial services to the Northern Bank Pension Scheme in respect of Scheme assets managed by BlackRock. Following the change in the Scheme's investment strategy during 2023, as detailed in the previous Annual Report and Financial Statements, the contractual relationships with The Bank of New York Mellon, London Branch, and BlackRock ended in September and August 2024 respectively.

Rule changes

In October 2024, an amendment to the Rules was implemented which included documenting the fixing of "New Pension Age" to 60 years and 9 months and changes to allow for the abolition of the Lifetime Allowance being an amendment to allow for Pension Commencement Excess Lump Sum to be paid from the Scheme, this being the replacement for the previous LTA Excess Lump Sum.

Administration expenses

The costs associated with the administration of the Scheme were borne directly by the Scheme.

Financial development of the Scheme

The net assets of the Scheme as at 31 December 2024 amounted to £798,502k (2023: £942,685k). The Financial Statements are set out in further detail on pages 24 to 45 and the Investment Report is set out on pages 12 to 16 of this report.

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

Contributions

The employing companies and the Trustee agree a Schedule of Contributions setting out the conditions under which contributions are to be made to the Scheme. The Schedule of Contributions agreed following the Actuarial Valuation as at 31 December 2021 was dated 20 January 2023. Following the change in investment strategy during 2023, a revised Schedule of Contributions dated 20 November 2023 was agreed which removed the requirement for the Bank to make expense contributions of £1m per annum and included a new contribution top-up framework to ensure the residual Scheme assets be maintained above the level of £3m. In November 2024, a side letter was agreed between the Trustee and the Bank which put in place a temporary reduction to the “Residual Scheme Asset Buffer” as defined in the Schedule of Contributions from £3m to £2m until 30 June 2025.

No employee contributions were made during 2024. No Employer contributions were required to be remitted during 2024 in accordance with the Schedule of Contributions, dated 20 November 2023. The employer made early retirement funding cost contributions to the Scheme (at a level agreed by the Scheme Actuary) in respect of augmented early retirement benefits as required during the year. An additional augmentation contribution was received from the Employer in relation to the unreduced early retirement of a subset of active-deferred members of the Scheme, which was calculated by the Scheme Actuary.

Changes in and other matters relation to Scheme advisors

Mr Colin Downie, FFA, resigned as Scheme Actuary with effect from 20 September 2024. As required by Regulations made under the Pensions (Northern Ireland) Order 1995, it was confirmed in his notice of resignation that he knew of no circumstances connected with his resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Scheme. Mr Andrew Hornell, FFA, was appointed as Scheme Actuary with effect from 20 September 2024.

Deloitte LLP formally resigned as auditors to the Scheme with effect from 27 January 2025. As required by the Regulations made under the Pensions (Northern Ireland) Order 1995, it was confirmed in Deloitte’s resignation they there were no circumstances with their resignation which they considered significantly to affect the interests of the members or prospective members of, or beneficiaries under, the Scheme. Following a formal tender exercise, the Trustee appointed Grant Thornton UK LLP as auditors to the Scheme with effect from 12 February 2025.

Actuarial Position

An actuarial valuation is carried out at least every three years, with the most recent valuation being carried out as at 31 December 2021. The 2021 valuation was concluded in January 2023. Details of the 2021 valuation are shown in the Report on Actuarial Liabilities (page 54). An Actuarial Report as at 31 December 2023 was carried out and dated 2 December 2024 the results of which are outlined in the table below:

Valuation statement	31 December 2023	31 December 2022	31 December 2021
	£m	£m	£m
Technical provisions	940	861	1,366
Market value of assets	942	886	1,433
Past service surplus (assets less technical provisions)	2	25	67
Funding level (assets ÷ technical provisions)	100%	103%	105%

The actuarial valuation as at 31 December 2024 is currently underway, with results expected later in 2025.

Pension Increases

Pensions in payment and deferment are reviewed annually by the Trustee in consultation with the Principal Employer and the Scheme Actuary. Where the Rules do not specifically provide for increases, discretion may be exercised as to the level of increases awarded. No discretionary increases were awarded during the year.

Pensions in payment attributable to service in the Northern Bank Pension Scheme were increased on 1 March 2024 in accordance with the Trust Deed and Rules. Pensions in excess of the Guaranteed Minimum Pension (GMP) and attributable to service up to 5 April 1997 were increased by 2.5%. Pensions attributable to service from 6 April 1997 to 31 December 2007 (including former 'Supplemental Fund' pensions) were increased by 5.0%. Pensions attributable to service from 1 January 2008 were increased by 2.5%.

Pensions in payment in excess of GMP and attributable to service in the Danske Bank (2004) Pension Scheme (the assets and liabilities of which were merged into the Northern Bank Pension Scheme on 31 December 2008) were increased with effect from 1 March 2024 by 5.0% in respect of service up to 20 July 1997, by 5.0% in respect of service from 21 July 1997 to 5 April 2005 and by 2.5% in respect of service from 6 April 2005.

NORTHERN BANK PENSION SCHEME**Annual Report and Financial Statements for the year ended 31 December 2024****9**

The following increases (GMP excess) were made to pensions in payment during the last 10 years.

Year	In respect of NBPS service to 05/04/97 %	In respect of NBPS service from 06/04/97 to 31/12/07 %	In respect of NBPS service after 31/12/07 %	In respect of DBPS service to 20/07/97 %	In respect of DBPS service from 21/07/97 to 05/04/05 %	In respect of DBPS service after 05/04/05 %
2024	2.5	5.0	2.5	5.0	5.0	2.5
2023	2.5	5.0	2.5	5.0	5.0	2.5
2022	2.5	5.0	2.5	5.0	3.1	2.5
2021	0.3	0.9	0.9	5.0	0.5	0.5
2020	1.5	2.2	2.2	5.0	1.7	1.7
2019	2.3	3.2	2.5	5.0	2.4	2.4
2018	2.5	3.9	2.5	5.0	3.0	2.5
2017	1.2	2.2	2.2	5.0	1.0	1.0
2016	0.1	1.1	1.1	5.0	0.0	0.0
2015	1.0	2.0	2.0	5.0	1.2	1.2

Deferred pensions not yet in payment were increased during the year by the level determined by statutory requirements.

Fund membership

The number of members and beneficiaries of the Scheme as at 31 December 2024 was as follows:

	2024	2023
Active Deferred members ¹	452	482
Active pensioners (flexible retirement) ²	11	11
Pensioners	2,509	2,491
Dependants of former members	252	242
Deferred members	1,211	1,256
	<u>4,435</u>	<u>4,482</u>

¹ Active Deferred members are members who are still employed by the Bank and have not put their pre 2008 pension into payment.

² Active Pensioners are members who have brought their pre-2008 pension into payment, but still remain employed by the Bank, and therefore, their post 2007 (CARE) element of pension cannot be brought into payment.

The Scheme was closed to new joiners with effect from 1 January 2004.

As at 31 December 2024 (and as at 31 December 2023) all member benefits in the Scheme were covered by the one of the three buy-in policies with the exception of GMP equalisation.

Key Risks to the Scheme

The Trustee continue to monitor and mitigate against key risks to the Scheme with the support of its advisors.

Work in relation to the equalisation GMPs is a major undertaking which the Trustee is carrying out in stages. More information is provided at Note 26.

Virgin Media Ltd and BBC Judgements

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, and subject to an unsuccessful appeal heard in June 2024, considered the implications of Section 37 of the Pension Schemes Act 1993. The BBC v Christina Burns case, which was also subject to a failed appeal in July 2024, considered the amendment powers available to trustees depending on the exact wording in the rules.

The Trustee has investigated the possible implications of the judgement in relation to the BBC case and has received legal advice to confirm that the outcome is not relevant to the Scheme given the way in which the Scheme Rules are written.

The Trustee continues to investigate the possible implications of Virgin Media Ltd judgement, such that at present, it is not possible to fully estimate the potential impact, if any, of the judgement on the Scheme. However, as announced by the Department of Work and Pensions on 5 June 2025, the Government will be introducing legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Trustee will take further steps, if necessary, once this legislation is available.

The Trustee is satisfied that the impact of these events do not affect the approval of these financial statements, nor does it require them to be adjusted.

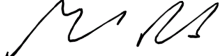
Approval of the Report of the Trustee

The Investment Report, Compliance Statement and the Implementation Statement included in this Annual Report and Financial Statements form part of the Report of the Trustee.

Signed for and on behalf of the Trustee of the Northern Bank Pension Scheme by:

Director: 

Date: 24/7/2025

Director: 

Date: 24/7/2025

C INVESTMENT REPORT

This investment report forms part of the report of the Trustee.

Investment policy

The Trustee has produced a Statement of Investment Principles ("SIP") in accordance with Article 35 of the Pensions (Northern Ireland) Order 1995 (as amended). The SIP was last updated in November 2023. A copy is available on the Scheme's website (www.northernbankpensionscheme.co.uk) or upon request from the Scheme Administrator.

PAN Trustees UK LLP are acting as sole Trustee of the Scheme and are responsible for all investment matters.

Investment strategy

The Scheme's asset portfolio as at 31 December 2024 was comprised of buy-in annuity policies, residual cash (in Trustee Bank Account) and one property asset which is intended to be sold.

The insurance buy-in policies held with Prudential Assurance Company Limited ("Prudential") and Aviva Life & Pensions UK Limited ("Aviva") are expected to cover the majority of the Scheme's benefit obligations. Under these policies, Prudential and Aviva make monthly payments to the Scheme to cover benefit payments to members. The Trustee holds three separate buy-in policies:

- The first Prudential buy-in policy covers pensions in payment as at 31 December 2013. This policy was subsequently adjusted to take account of additional retirees to 1 February 2015 and other membership changes. The Prudential policy represents around 48% of the value of the Scheme's total liabilities.
- The Aviva buy-in policy covers pensioners who retired following the completion of the first Prudential buy-in, and prior to 1 June 2020. This policy was subsequently adjusted to take account of pensions in payment on 6 October 2021. The Aviva policy represents around 20% of the value of the Scheme's total liabilities.
- The second Prudential buy-in policy covers all members not covered by the two previous insurance policies (i.e., members retiring after 6 October 2021 and all deferred members). This policy represents around 32% of the value of the Scheme's total liabilities.

C INVESTMENT REPORT (*CONTINUED*)

The Trustee expects the purchase of these bulk annuities, and the resulting monthly payments from Prudential and Aviva, to immunise the Fund from market risks such as credit risk, interest rate risk, inflation risk and longevity risk associated with the Scheme's liabilities.

The Scheme also holds residual assets in cash (in the Trustee Bank Account) to cover the implementation of GMP equalisation and future Scheme expenses (including the cost of liability data cleansing) and also retains ownership of one direct property which it is intended be sold. An interest free loan from the Employer is secured against the property which will be repaid following its sale.

The Trustee's objectives are documented within the SIP. These are as follows:

- The Trustee's statutory funding objective is that the Scheme should have sufficient and appropriate assets to cover its liabilities, i.e. member benefit payments as and when they arise.
- The Trustee has entered buy-in contracts with Prudential and Aviva. The policies have not been structured with expected return in mind but, instead are expected to secure the benefits of all Scheme members in return for the initial payment of a buy-in premium.

The Trustee believes that these objectives will ensure that the assets are invested in the best interests of the members and beneficiaries of the Scheme. The Trustee does not foresee these objectives giving rise to any conflict with the interests of the members and beneficiaries, but if a potential conflict arose, the Trustee would take steps to ensure that the assets were invested in the sole interest of members and other beneficiaries. The Trustee intends to ensure that the investment objectives are consistent with the Scheme's Statement of Funding Principles.

The Trustee has identified and acknowledged the risks inherent in its strategy to secure the Scheme's liabilities with insurers but believes that the policies in place are suitable given the stated investment objectives. A key potential risk relates to the insurance regime – the risk of failure within the UK insurance sector impacting the ability of Prudential and Aviva to meet their obligations under the insurance policies held by the Scheme. The other risks which the Scheme is exposed to after execution of buy in contracts with insurers are Liquidity Risk, Funding Risk, Sponsor Risk, Custody Risk and Systemic Risk. These risks are smaller than previously given the insurance contracts in place.

C INVESTMENT REPORT (*CONTINUED*)

The Trustee recognises that the consideration of financially material factors, including Environmental, Social and Governance (“ESG”) factors, is relevant at various stages of the investment process. The Trustee expects that Prudential and Aviva will take account of all financially material factors, including the potential impact of ESG issues, in investment decision-making and the implementation of their mandate.

The Trustee recognises that stewardship encompasses the exercise of voting rights, engagement with investment managers and the monitoring of compliance with agreed policies. Given that the Scheme’s assets are mainly comprised of bulk annuities held with insurers, a single property asset and residual cash (in the Trustee Bank Account), stewardship and voting are now of reduced relevance for the Scheme.

Key changes during year

The undernoted significant changes to the Scheme’s investment arrangements over the course of 2024 took place:

- As part of the broader negotiations in relation to the 2023 Prudential buy in, the Trustee and Prudential agreed in principle to update the terms for the earlier 2013 Prudential buy in to align the pension increases with those paid by the Scheme, remove the collateral arrangements and to modernise the contract to align with that agreed for the 2023 Prudential buy in where relevant. The contractual arrangements in relation to the conclusion of these negotiations were signed on 15 January 2024.
- Following the completion of the 2023 Prudential buy in, and termination of the collateral arrangements for the 2013 Prudential buy in policy, the Investment Management Agreement with BlackRock and the asset custody services with Bank of New York Mellon were terminated. The contractual arrangements with each were terminated with effect from August and September 2024 respectively.
- In May 2024, the residual cash amount of c£1.7m held with the BlackRock LDI account was transferred to the Scheme’s high interest Business Investment Bank Account. Following this, there were no pooled investment vehicles held by the Scheme.

C INVESTMENT REPORT *(CONTINUED)*

Asset valuation summary

Asset Class	Segregated Funds (£000)	Pooled Investment Vehicles (£000)	Total (£000)	%
Insurance policies – bulk annuity ¹	793,800	-	793,800	100.0
Property ²	8,350	-	8,350	0.1
AVC investments	422	-	422	0.0
Other investment balances	(8,700)	-	(8,700)	(0.1)
Total ⁴	793,872	-	793,872	100.0

¹ Note that the Insurance Policies include bulk annuities held with Prudential and Aviva.

² Valuation as at 31 December 2024 for the M&S property provided by Osborne King

⁴ Totals may not agree due to rounding differences. Note that this excludes the Trustee Bank Account balance.

Residual cash and property holding

As at 31 December 2024, the Scheme holds residual assets in cash (amounting to £5.9m) which will be used to cover the implementation of GMP equalisation and Scheme expenses.

The Scheme also retains ownership of one direct property in 10 Pond Street, Hampstead, London which is a supermarket investment and was acquired in May 2010. A loan from the Employer is secured against this property which will be repaid following its sale.

The property is let to Marks & Spencer plc under a long-term lease expiring January 2031 and was valued by Osborne King at 31 December 2024 at £8,350,000. The Trustee is currently negotiating an extension to the lease with Marks & Spencer plc beyond January 2031.

C INVESTMENT REPORT (*CONTINUED*)

Market Background

The MSCI UK Property Total Return Index rose 2.8% quarter-to-date to 31 December 2024, driven by income and a rise in capital values. The 12-month total return to 31 December 2024 edged up to 7.0%, as declines in capital values moderated. Capital values continued to fall in the office sector month on month, but, given rises in industrial and retail capital values, the aggregate capital growth turned slightly positive to 1.1% over the 12 months to 31 December 2024.

Scheme performance

The Scheme's asset portfolio as at 31 December 2024 was comprised of buy-in annuity policies, residual cash (in the Trustee Bank Account) and one property asset which is intended to be sold, hence, Scheme's portfolio performance is of lower relevance to the Scheme.

D STATEMENT OF TRUSTEE'S RESPONSIBILITIES FOR 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 (FRS 102), are the responsibility of the Trustee. Pension Scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Regulation 3a of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997 including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

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

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

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

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Scheme's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

D STATEMENT OF TRUSTEE’S RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS *(CONTINUED)*


Trustee Responsibilities in Respect of Contributions

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary, revising a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer of the Scheme and the dates on or before which such contributions are to be paid.

The Trustee is also responsible for adopting risk-based processes to monitor whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule of Contributions occur, the Trustee is required by the Pensions (Northern Ireland) Order 1995 and 2005 to consider making reports to The Pensions Regulator and the members.

On behalf of the Trustee of Northern Bank Pension Scheme by:

Director.....

Director.....

Date: 24/7/2025

Date: 24/7/2025

E INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEE OF THE NORTHERN BANK PENSION SCHEME

Opinion

We have audited the financial statements of the Northern Bank Pension Scheme (the 'Scheme') for the year ended 31 December 2024, which comprise the fund account, the statement of net assets (available for benefits) and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2024, 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; 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 (Northern Ireland) 1997, made under the Pensions (Northern Ireland) Order 1995.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

In our evaluation of the Trustee's conclusions, we considered the inherent risks associated with the Scheme including effects arising from macro-economic uncertainties such as uncertain interest and inflation rates and the volatility of global markets, we assessed and challenged the reasonableness of estimates made by the Trustee and the related disclosures and analysed how those risks might affect the Scheme's financial resources or ability to continue operations over the going concern period.

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

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

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

Other information

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge

obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Trustee

As explained more fully in the Trustee's responsibilities statement set out on pages 16 and 17, the Trustee is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant are the Pensions (Northern Ireland) Order 1995 and the Occupational Pension Schemes (Requirement

to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, Financial Reporting Standard 102 (FRS 102) and the Statement of Recommended Practice "Financial Reports of Pension Schemes" 2018 ("the SORP");

- In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations such as, the Pensions Regulator's Codes of Practice and relevant compliance regulations (including the Annual Pensions Bill and tax legislation) under which the Scheme operates;
- We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience and through discussion with management, the Trustee, and from inspection of Trustee board minutes and legal and regulatory correspondence. We discussed the policies and procedures regarding compliance with laws and regulations with the Trustee;
- We assessed the susceptibility of the Scheme's financial statements to material misstatement due to irregularities including how fraud might occur. We evaluated management's incentives and opportunities for manipulation of the financial statements and determined that the principal risks were in relation to:
 - The risk of management override of controls through posting inappropriate journal entries to manipulate net assets for the year;
 - The valuation of hard-to-value assets using a method not permitted under the SORP.
- Our audit procedures involved:
 - Journal entry testing, with a focus on large journals, manual journals, those journals with unusual account combinations, or entries posted to suspense accounts;
 - Obtaining independent confirmations of material investment valuations and cash balances at the year end; and
 - Including in-house actuarial specialists within the audit team to challenge the valuation of the insurance policies.
- In addition, we completed audit procedures to conclude on the compliance of disclosures in the annual report and accounts with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material

misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
 - Understanding of, and practical experience with, audit engagements of a similar nature and complexity, through appropriate training and participation; and
 - Knowledge of the industry in which the Scheme operates.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

This report is made solely to the Scheme's Trustee, as a body, in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997 made under the Pensions (Northern Ireland) Order 1995. Our audit work has been undertaken so that we might state to the Scheme's Trustee those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 24/7/2025

F FUND ACCOUNT

For the year ended 31 December 2024

	Notes	2024 £'000	2023 £'000
Contributions and benefits			
Contributions receivable			
- Employer	4	1,366	31,401
Total contributions		<u>1,366</u>	<u>31,401</u>
Other income	5	57	-
		<u>1,423</u>	<u>-</u>
Benefits paid or payable	6	(42,237)	(39,135)
Payments to and on account of leavers	7	(307)	(625)
Administrative expenses	8	(1,806)	(2,883)
		<u>(44,350)</u>	<u>(42,643)</u>
Net withdrawals from dealings with members		<u>(42,927)</u>	<u>(11,242)</u>
Returns on investments			
Investment income	9	42,749	42,354
Investment management expenses	10	64	(622)
Change in market value of investments	11	(144,069)	24,931
Net returns on investments		<u>(101,256)</u>	<u>66,663</u>
Net (decrease)/increase in the fund during the year		(144,183)	55,421
Total net assets of the scheme at 1 January		942,685	887,264
Total net assets of the scheme at 31 December		<u><u>798,502</u></u>	<u><u>942,685</u></u>

The notes on pages 26 to 45 form part of these Financial Statements.

G STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

As at 31 December 2024


	Notes	2024 £'000	2023 £'000
Investment assets	11		
Pooled investment vehicles	12	-	1,727
Insurance policies	13	793,800	938,100
Property	14	8,350	8,350
AVC investments	15	422	687
Cash deposits	16	-	18
		<u>802,572</u>	<u>948,882</u>
Investment liabilities			
Other investment balances	17	<u>(8,700)</u>	<u>(8,700)</u>
Total investments		<u>793,872</u>	<u>940,182</u>
Current assets	21	7,107	3,949
Current liabilities	22	(2,477)	(1,446)
Total net assets of the Scheme at 31 December		<u>798,502</u>	<u>942,685</u>

The notes on pages 26 to 45 form part of these Financial Statements.

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 into account any obligation to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which does take account of such obligations, is dealt with in the Report on Actuarial Liabilities (page 54) and the Actuarial Certificate included in the Annual Report and these Financial Statements should be read in conjunction with them.

Signed for and on behalf of the Trustee of the Northern Bank Pension Scheme by:

Director: 

Director: 

Date: 24/7/2025

Date: 24/7/2025

H NOTES TO THE FINANCIAL STATEMENTS

1 Background

The Financial Statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997, Financial Reporting Standard 102 – the Financial Reporting Standard applicable in the UK and Republic of Ireland and the guidance set out in the Statement of Recommended Practice (revised November 2018).

2 Identification of the financial statements

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is included in the Trustee's Report (page 2).

3 Accounting Policies

a) Contributions

Employer contributions are accounted for on an accruals basis at rates agreed between the Trustee and the employer based on the recommendation of the actuary. There were no employer contributions required to be submitted during the year. Employer augmentation contributions are accounted for in accordance with the agreement under which they are being paid. Other employer contributions are accounted for in accordance with the agreed arrangements.

b) Benefits

Pensions in payment are accounted for in the period to which they relate. Benefits are accounted for in the period in which the members notify the Trustee of their decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

c) Transfers

Individual transfers into and out of the Scheme are accounted for when member liability is accepted/discharged, which is normally when the transfer amount is paid or received.

d) Expenses

The administrative and investment management expenses of the Scheme are borne the Scheme, and are accounted for on an accruals basis in the period in which they are incurred.

e) Income

Investment income is accounted for on an accruals basis.

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

3 Accounting Policies (*continued*)

e) *Income (continued)*

Interest on cash deposits is accounted for by reference to the period to which it relates and is accrued on a daily basis.

Net rental income from the Scheme's property is accounted for on an accruals basis in accordance with the terms of the lease.

Receipts from annuity policies held by the Trustee to fund benefits payable to Scheme members are included within investment income on an accruals basis to match the respective insured benefits payable.

f) *Investment assets*

As a general principle, investment assets are included in the financial statements at their fair value at the year-end:

Accrued Interest

Accrued interest is excluded from the market value of bonds and is included in investment income receivable.

Pooled Investment Vehicles

Pooled investment vehicles are stated at bid price for funds with bid/offer spreads, or single price where there are no bid/offer spreads, as provided by the investment manager.

Additional Voluntary Contribution Investments

The market values of the additional voluntary contribution investments are included in the net assets of the Scheme as calculated by the providers of these arrangements and as accepted by the Trustee.

Properties

Properties are included at open market value determined in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, with particular regard to UK Practice Statement 1.1, Valuation of financial statements.

The properties have been valued by Osborne King, Chartered Surveyors.

Insurance policies

Three bulk annuity policies, which were purchased in the name of the Trustee to fully provide pension benefits for certain members, are included in these

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)**3 Accounting Policies (*continued*)****f) *Investments assets (continued)******Insurance policies (continued)***

Financial Statements at the amount of the related obligation, determined using the Scheme Funding valuation assumptions and methodology updated for market conditions at the reporting date. Annuity valuations are provided by the Scheme Actuary.

Employer loan

The employer loan has been included as an investment liability valued at the amount repayable as per the Framework Agreement agreed in September 2023.

g) *Change in market value of investments*

The changes in investment market values are accounted for in the year in which they arise and include profits and losses on investments sold as well as unrealised gains and losses in the value of investments held at the year end.

h) *Foreign currencies*

The functional and presentational currency of the Scheme is Sterling.

Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Differences arising on investment translation are accounted for in the change in market value of investments during the year.

i) *Critical accounting estimates and judgements*

The preparation of the financial statements requires the Trustee to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the net asset statement date and the amounts reported for income and expenditure during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements, but notes estimation uncertainty in the valuation of level 3 investments, as disclosed in Note 19, specifically bulk annuity policies and property assets.

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

4 Contributions receivable

	2024	2023
	£'000	£'000
Employers		
–Expenses	-	917
–Augmentations	1,366	484
–Other	-	30,000
Total contributions	<u>1,366</u>	<u>31,401</u>

The employing companies and the Trustee agree a Schedule of Contributions setting out the conditions under which contributions are to be made to the Scheme. The Schedule of Contributions agreed following the Actuarial Valuation as at 31 December 2021 was dated 20 January 2023. Following the change in investment strategy during 2023, a revised Schedule of Contributions dated 20 November 2023 was agreed which removed the requirement for the Bank to make expense contributions of £1m per annum and included a new contribution top-up framework to ensure the residual Scheme assets be maintained above the level of £3m. In November 2024, a side letter was agreed between the Trustee and the Bank which put in place a temporary reduction to the “Residual Scheme Asset Buffer” as defined in the Schedule of Contributions from £3m to £2m until 30 June 2025.

No employee contributions were made during 2024. No Employer contributions were required to be remitted during 2024 in accordance with the Schedule of Contributions, dated 20 November 2023. The employer made early retirement funding cost contributions to the Scheme (at a level agreed by the Scheme Actuary) in respect of augmented early retirement benefits. An additional augmentation contribution was received from the Employer in relation to the unreduced early retirement of a subset of active-deferred members of the Scheme, which was calculated by the Scheme Actuary.

5 Other income

	2024	2023
	£'000	£'000
Interest Received	57	-
	<u>57</u>	<u>-</u>

NORTHERN BANK PENSION SCHEME**Annual Report and Financial Statements for the year ended 31 December 2024****30****H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*****6 Benefits payable**

	2024	2023
	£'000	£'000
Pensions	37,153	36,208
Commutations and retirement lump sums	5,084	2,922
Lump sum death benefits	-	5
	<u>42,237</u>	<u>39,135</u>

7 Payments to and on account of leavers

	2024	2023
	£'000	£'000
Individual transfers to other schemes	307	625
	<u>307</u>	<u>625</u>

8 Administrative expenses

	2024	2023
	£'000	£'000
Administration and processing	315	416
Actuarial and consulting fees	584	1,300
Audit fees	36*	60
Legal fees	96	242
Pension Protection Fund	37	52
Trustee	355	457
Scheme Secretarial and Pension Management	383	356
	<u>1,806</u>	<u>2,883</u>

*Audit fees of £36k includes an under accrual of £11k from the year ended 31 December 2023.

9 Investment income

	2024	2023
	£'000	£'000
Income from bonds	-	5,694
Net rental income	479	1,190
Annuity income	42,270	35,470
	<u>42,749</u>	<u>42,354</u>

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

Net rents from the Scheme's property is stated after deducting £11k (2023: £90k) of property related expenses, the decrease in net rental income reflects the sale during 2023 of one of the two properties held by the Scheme. The year of 2024 was the first full year of the Scheme being fully bought in which accounts for the increase in annuity income.

10 Investment management expenses

	2024	2023
	£'000	£'000
Administration, management and custody*	(84)	404
Investment consultancy services	-	34
Collateral management fees	20	184
	<u>(64)</u>	<u>622</u>

*Negative Administration, management and custody fees relates to an over-accrual of fees.

11 Reconciliation of investments

	Opening value as at 1 January 2024	Purchases at cost	Sales proceeds	Change in market value	Closing value as at 31 December 2024
	£'000	£'000	£'000	£'000	£'000
Pooled investment vehicles	1,727	-	(1,918)	191	-
Insurance policies	938,100	-	-	(144,300)	793,800
Property	8,350	-	-	-	8,350
AVC investments	687	-	(314)	49	422
	<u>948,864</u>	<u>-</u>	<u>(2,232)</u>	<u>(144,060)</u>	<u>802,572</u>
Cash deposits	18				-
Other investment balances*	<u>(8,700)</u>				<u>(8,700)</u>
Net investment assets	<u>940,182</u>			<u>(144,069)</u>	<u>793,872</u>

*Included in other investment balances as at 1 January 2024 and 31 December 2024 is an interest free loan of £8.7m provided by the Principal Employer that is due to be repaid as illiquid assets are realised by the sale of the Scheme's remaining property.

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

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

Concentration of investments

Scheme investments include the following which represent more than 5% of the total value of the net assets of the Scheme:

	2024		2023	
	£'000	%	£'000	%
Prudential (2015) Insurance Policy	383,800	48.1	432,400	45.9
Aviva Insurance Policy	154,600	19.4	170,400	18.1
Prudential (2023) Insurance Policy	255,400	32.0	335,300	35.6

12 Pooled investment vehicles ('PIVs')

The Scheme's holdings of PIVs are analysed as follows:

	2024	2023
	£'000	£'000
Equity funds	-	1
Liquidity	-	1,726
	<u>-</u>	<u>1,727</u>

The pooled investment vehicles in which the Scheme had invested were all managed by companies registered in the United Kingdom.

13 Insurance policy - annuities

The Scheme held insurance policies at the year end at market value as follows:

	2024	2023
	£'000	£'000
Prudential Assurance Company Limited (2015 policy)	383,800	432,400
Aviva Life & Pensions UK Limited	154,600	170,400
Prudential Assurance Company Limited (2023 policy)	255,400	335,300
	<u>793,800</u>	<u>938,100</u>

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

The insurance policy contract with Prudential Assurance Company Limited (2015) relates to the benefits due in respect of most pensions brought into payment prior to February 2015. The Prudential annuity is valued annually by the Scheme Actuary.

Under the Prudential 2015 insurance policy, collateral was held by BNY Mellon, as custodian to Prudential Assurance Company Limited, totalling £Nil as at 31 December 2024 (2023: £466.7m).

The insurance policy contracts with Aviva Life & Pensions UK Limited relate to the benefits due for in respect of most pensions brought into payment between February 2015 and October 2021. The Aviva annuity is valued annually by the Scheme Actuary.

The insurance policy contract with Prudential (2023) relates to the benefits due in respect of most pensions brought into from October 2021 and all deferred members.

The Prudential (2023) annuity is valued annually by the Scheme Actuary.

Financial Assumptions	2023	2024
Discount rate (non-pensioners)	WTW's GBP Zero Coupon Gilt Nominal Yield curve adjusted downwards by 0.3% at each term	WTW's GBP Zero Coupon Gilt Nominal Yield curve
Discount rate (pensioners)	WTW's GBP Zero Coupon Gilt Nominal Yield curve adjusted upwards by 0.2% at each term	WTW's GBP Zero Coupon Gilt Nominal Yield curve
Price inflation (RPI)	WTW's Gilt Implied Break Even Inflation curve	WTW's Gilt Implied Break Even Inflation curve
Price Inflation (CPI)	Price inflation (RPI) curve adjusted downwards at each term by 0.7% until 2030 and then 0% thereafter	Price inflation (RPI) curve adjusted downwards at each term by 0.7% until 2030 and then 0% thereafter
Pension increases:		
- CPI minimum 0% pa, maximum 2.5% pa	In line with the relevant price inflation curve, but adjusted at each term to allow for the impact of the maximum / minimum pension increase	In line with the relevant price inflation curve, but adjusted at each term to allow for the impact of the maximum / minimum pension increase
- RPI minimum 0% pa, maximum 5.0% pa		
- RPI minimum 0% pa, maximum 2.5% pa		

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

For illustrative purposes, the derivation results in the following approximate single equivalent rates (SER):

Marseille and Viaggio Policies

Financial Assumptions - <i>approximate SERs</i>	2024	2023
Discount rate	5.00% pa	4.20% pa
Pension increases:		
- CPI minimum 0% pa, maximum 2.5% pa	2.50% pa	2.50% pa
- RPI minimum 0% pa, maximum 5.0% pa	3.60% pa	3.40% pa
- RPI minimum 0% pa, maximum 2.5% pa	2.50% pa	2.50% pa

Avanti Policy

Financial Assumptions - <i>approximate SERs</i>	2024	2023
Discount rate (non-pensioners)	5.10% pa	3.80% pa
Discount rate (pensioners)	5.05% pa	4.30% pa
Price inflation (RPI)	3.40% pa	3.30% pa
Price inflation (CPI) (deferred revaluation)	3.05% pa	2.90% pa
Pension increases:		
- CPI minimum 0% pa, maximum 2.5% pa	2.50% pa	2.50% pa
- RPI minimum 0% pa, maximum 5.0% pa	3.30% pa	3.30% pa
- RPI minimum 0% pa, maximum 2.5% pa	2.50% pa	2.50% pa

14 Property

	2024	2023
	£'000	£'000
Freehold – United Kingdom	<u>8,350</u>	<u>8,350</u>

The property held by the Scheme was valued as at 31 December 2024 and 31 December 2023 at a fair value by Osborne King, Chartered Surveyors.

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

15 AVC investments

The Trustee holds assets invested separately from the main fund which secure additional benefits on a money purchase basis for those members who elected to pay additional voluntary contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held on their behalf and the movements in the year.

	2024	2023
	£'000	£'000
Standard Life- unitised funds	422	687
	<u>422</u>	<u>687</u>

16 Cash deposits

	2024	2023
	£'000	£'000
Sterling	-	18
	<u>-</u>	<u>18</u>

17 Other investment balances

	2024	2023
	£'000	£'000
Interest free loan from the employer*	(8,700)	(8,700)
	<u>(8,700)</u>	<u>(8,700)</u>

*The interest free loan of £8.7m provided by the Principal Employer is due to be repaid as illiquid assets are realised by the sale of the Scheme's remaining property under Note 14.

18 Transaction costs

Included within the purchases and sales are direct transaction costs of £Nil relating to the disposal of a freehold property (2023: £177.9k). Transaction costs are borne by the Scheme in relation to transactions in pooled investment vehicles. Such costs are taken into account in calculating the bid/offer spread of these investments and are not separately reported.

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

19 Investments Fair Value Hierarchy

The fair value of financial instruments has been disclosed using the following hierarchy.

- Level 1: the unadjusted quoted price in an active market for identical assets or liabilities which the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 which are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3: inputs which are unobservable (i.e. for which market data is unavailable) for the asset or liability.

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

	At 31 December 2024			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Insurance policies	-	-	793,800	793,800
Property	-	-	8,350	8,350
AVC investments	-	-	422	422
Other investment balances	(8,700)	-	-	(8,700)
	(8,700)	-	802,572	793,872

	At 31 December 2023			
	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Pooled investment vehicles	-	1,727	-	1,727
Insurance policies	-	-	938,100	938,100
Property	-	-	8,350	8,350
AVC investments	-	-	687	687
Cash deposits	18	-	-	18
Other investment balances	(8,700)	-	-	(8,700)
	(8,682)	1,727	947,137	940,182

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

20 Investments 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 comprises currency risk, interest rate risk and other price risk:

- Currency risk: this is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk: this is the risk that the fair value or future cash flows of a financial asset 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.

As of 31 December 2024, all Scheme members are now covered by buy-in policies, the market risks are mostly passed on to the insurance companies. However, the credit risk still remains relevant for the Scheme as there is a low frequency high severity risk of insurers defaulting on their obligations.

The Trustee has identified and acknowledged the risks inherent in its strategy to secure the Scheme's liabilities with insurers but believes that the policies in place are suitable given the stated investment objectives. A key potential risk relates to the insurance regime – the risk of failure within the UK insurance sector impacting the ability of Prudential and Aviva to meet their obligations under the insurance policies held by the Scheme.

H **NOTES TO THE FINANCIAL STATEMENTS** *(CONTINUED)*

20 Investments risks *(continued)*

To mitigate against this risk, the Trustee commissioned due diligence on these insurers and received professional advice prior to entering the policies. The Scheme is also protected by the reserving requirements and stress testing in place for the insurance sector.

The Trustee expects buy-in provider risk to be addressed through the supervisory regime applicable to insurance companies but monitors the monthly payment benefits from the buy-in provider to the Scheme and, at least annually, monitors the financial covenant of the buy-in provider. Most of the key investment risks (i.e. interest rate risk, price risk etc) has been passed on to the insurers as the Scheme liabilities have been now cashflow matched through the buy in policies.

As of 31 December 2024, most of the Scheme liabilities have been secured by buy in policies, the asset side risks are mostly passed on to the insurance companies. In addition to the buy in provider/insurer regime failure risks, the other key risks impacting the Scheme are listed below:

Liquidity Risk:

The risk that the Scheme cannot meet its immediate liabilities because it has insufficient liquid assets. Liquidity risk is managed by the Trustee who ensures that sufficient cash balances are available to meet obligations as and when they arise, which includes the settlement of the Employer loan in Note 17 being directly linked to the sale of the M&S property asset, and the scheme funding side letter with the “Residual Asset Buffer” referred to on page 7 with the employer.

Funding Risk:

All members covered by the insurance contracts continue to be members of the Scheme, and the Trustee continues to have ultimate responsibility for the payment of benefits to these members. The Trustee expects the insurance contracts to fully protect the Scheme against funding risk but there remains a residual risk that a mismatch between payments from the insurer and ongoing benefit payments may arise.

H **NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)****20** **Investments risks (*continued*)****Sponsor Risk:**

This is the risk of the Employer ceasing to exist or having insufficient resources to meet any future obligations to the Scheme, for instance in the unlikely event of an insurer failing to meet its contractual obligations. Since all pension liabilities are now secured through buy-in contracts, Sponsor risk is significantly reduced but remains a risk for the Scheme.

Systemic Risk:

Systemic risk is a financial risk that poses a threat to financial stability. The possibility of an interlinked and simultaneous financial stress suffered by the government and corporate sectors leading to stress in several asset classes, possibly compounded by financial 'contagion', resulting in a deterioration in the financial health of the insurers may negatively impact the ability of the Scheme to meet its pension obligations.

Other price risk:

The residual cash assets (in the Trustee Bank Account) still have some component of interest rate risk and price risk although they are not significant. There is some component of other price risk and credit risk associated with the M&S property investment as well.

(i) Credit risk

The Scheme is subject to credit risk from its holdings in its insurance policy and residual property asset.

H NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

20 Investment risks *(continued)*

The table below shows the analysis of direct credit risk at the year end:

At 31 December 2024 (£'000)				
	Investment grade	Non-investment grade	Unrated	Total
Insurance Policies	793,800	-	-	793,800
	793,800	-	-	793,800

At 31 December 2023 (£'000)				
	Investment grade	Non-investment grade	Unrated	Total
Insurance Policies	938,100	-	-	938,100
Managed Account ¹	18	-	1,726	1,744
PIVs	-	-	1	1
	938,118	-	1,727	939,845

¹ Note the Managed Account contains a pooled liquidity fund holding £1,726k as at 31 December 2023.

A summary of PIVs by type of arrangement is as follows:

	2024 £'000	2023 £'000
Open ended investment companies	-	1,726
Unit Linked Insurance Policies	-	1
	-	1,727

The Scheme is subject to indirect credit risk from its holdings in its insurance policy and residual property asset.

(ii) Currency risk

The Scheme was subject to currency risk from a proportion of its investments in equities and other financial instruments before the final buy in was executed but the exposure to currency risk as of 31 December 2024 is nil.

(iii) Interest rate risk and Other Price risk

The residual cash assets (in Trustee Bank Account) still have some component of interest rate risk and price risk although they are not significant. There is some component of other price risk and credit risk associated with the M&S property investment as well.

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)20 Investment risks (*continued*)

The table below shows the analysis of interest rate risk at the year-end:

	2024 £'000	2023 £'000
Direct		
Managed Account ¹	-	1,744
	<u>-</u>	<u>1,744</u>

¹2023 includes liquidity fund.

At the year end, the Scheme's exposure to investments subject to other price risk was:

	2024 £'000	2023 £'000
Direct		
Investment properties	8,350	8,350
Insurance policy	793,800	938,100
Managed Account ¹	-	18
Indirect		
Equity PIVs	-	1
	<u>802,150</u>	<u>946,469</u>

¹Excludes cash balances.

(iv) Summary of risks

The following table summarises the significant exposure to investment risks as at 31 December 2024:

	Credit risk	Foreign exchange risk	Interest rate risk	Other price risk
Insurance policies	✓	-	-	✓
Residual cash	✓	-	✓	✓
Property	✓	-	-	✓

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

21 Current assets

	2024	2023
	£'000	£'000
Cash balances	5,902	3,888
Other debtors ¹	41	61
Annuity income due from insurer	1,164	-
	<u>7,107</u>	<u>3,949</u>

¹ £41k in respect of Collateral Management Fee reimbursement from Prudential for February and March 2024. £41k received in full to Trustee Bank Account in 2025.

22 Current liabilities

	2024	2023
	£'000	£'000
Deferred rental income	135	135
Unpaid benefits	2,170	518
Accrued expenses	148	769
VAT recoverable	24	24
	<u>2,477</u>	<u>1,446</u>

23 Related party transactions

Transactions with related parties of the Scheme have been disclosed in the annual report as follows:

(i) Key management personnel

- Independent Trustee fees paid in respect of the year to 31 December 2024 totalled £355k (2023: £457k).

(ii) Other related parties

- The Scheme bank accounts are held with Danske Bank and the balances as at 31 December 2024 were £5,902k (2023: £3,888k). The Scheme previously invested in pooled funds, managed by BlackRock, which through normal activity was expected to include holdings in Danske Bank A/S. The level of the Scheme's pooled fund holdings in Danske Bank A/S at 31 December 2024 was nil (2023: nil).

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

23 Related party transactions (*continued*)

- The Scheme obtained an interest free term loan of £8.7m (2023: £8.7m) from the Employer, secured on the M&S property (to be reimbursed once the property is sold in due course) to facilitate the Prudential buy in.
- Contributions receivable from the employer of the Scheme are disclosed in note 4.
- Payments in respect of payroll deductions (e.g. PAYE and GAYE) were paid directly by the employer of the Scheme and subsequently reimbursed by the Scheme.

All of the above transactions were made in accordance with the Scheme rules.

24 Employer related investments

The Scheme obtained an interest free term loan of £8.7m (2023: £8.7m) from the Employer, secured on the M&S property (to be reimbursed once the property is sold in due course) to facilitate the Prudential buy in.

Other than as explained in the Related party transactions note, there were no other employer related investments in 2024 (2023: nil).

25 Taxation

The Scheme is a registered pension scheme under Chapter 2 of Part 4 of the Finance Act 2004.

26 Guaranteed Minimum Pension (GMP)

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to guaranteed minimum pension benefits. The issues determined by the judgment arise in relation to many other defined benefit pension schemes. The Trustee of the Scheme is aware that the issue will affect the Scheme and, in preparation for equalising GMPs, has undertaken a GMP reconciliation exercise and a GMP rectification exercise.

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

26 Guaranteed Minimum Pension (GMP) (*continued*)

Under the ruling, schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. Based on an initial assessment of the likely backdated amounts and related interest the Trustee does not expect these to be material to the financial statements and therefore have not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

On 20 November 2020, the High Court ruled that individual transfer payments made since 17 May 1990 would need to be equalised for the effects of GMP. This judgment followed on from the previous judgment on 26 October 2018, which had not considered historic transfer values. This development and its implications for the Scheme have been discussed by the Trustee with its Actuary since the date of the Court ruling. On the basis of the known facts and the analysis of the likely impact to date, the Trustee does not consider the expected cost of rectifying past transfer values to be material.

GMP Equalisation was not covered by any of the three insurance policies with Prudential and Aviva.

27 Contingent Liability

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023, and subject to an unsuccessful appeal heard in June 2024, considered the implications of Section 37 of the Pension Schemes Act 1993. The BBC v Christina Burns case, which was also subject to a failed appeal in July 2024, considered the amendment powers available to trustees depending on the exact wording in the rules.

The Trustee has investigated the possible implications of the judgement in relation to the BBC case and has received legal advice to confirm that the outcome is not relevant to the Scheme given the way in which the Scheme Rules are written.

H NOTES TO THE FINANCIAL STATEMENTS (*CONTINUED*)

27 Contingent Liability (*continued*)

The Trustee continues to investigate the possible implications of Virgin Media Ltd judgement, such that at present, it is not possible to fully estimate the potential impact, if any, of the judgement on the Scheme. However, as announced by the Department of Work and Pensions on 5 June 2025, the Government will be introducing legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historical benefit changes met the necessary standards. The Trustee will take further steps, if necessary, once this legislation is available.

There is a true-up payment expected to be paid from Prudential Assurance Company Limited post year end to reflect membership movements since the initial buy-in premium was paid in September 2023, along with a refund due to the Scheme from data items requiring true-up as part of the data verification exercise. However, no provision has been made in the financial statements at the year-end date as the expected true-up settlement cannot be estimated with any certainty in relation to timing or value.

28 Post Financial Statements Events

There have been no post financial statements events.

I COMPLIANCE STATEMENT

This compliance statement forms part of the report of the Trustee.

Tax status

The Scheme has been approved by the Inland Revenue as an exempt approved scheme and as such its income and investment gains are free of taxation. However, the Scheme cannot reclaim certain amounts of withholding taxes relating to some overseas investment income. The Scheme was registered for VAT with HMRC on 21 December 2009.

Changes to the Scheme's Trust Deed and Rules

Details of the change to the Scheme's Trust Deed and Rules during 2024 are provided in the Report of the Trustee (pages 5 to 11).

Statement of Investment Principles

In accordance with the Pensions (Northern Ireland) Order 1995, the Trustee has prepared a Statement of Investment Principles governing investment policy and objectives. A copy is available on the Scheme's website (www.northernbankpensionscheme.co.uk) and on request to members.

Data Protection

The Trustee has registered under the Data Protection Act 1998 to hold on computer information regarding members which is necessary for the management of the Scheme. The Trustee also maintains a Data Protection Policy in alignment with its requirements under the General Data Protection Regulation, which came into force on 25 May 2018.

Calculation of transfer values

All transfer values paid and received were calculated and verified in accordance with regulations made under the Pension Schemes (Northern Ireland) Act 1993, include an allowance for guaranteed pension increases and do not include discretionary increases.

Changes to the Advisors to the Trustee

The Scheme Actuary, Colin Downie, WTW, resigned on 20 September 2024 and Andrew Hornell, WTW, was appointed with immediate effect. As required by Regulations made under the Pensions (Northern Ireland) Order 1995, it was confirmed in Mr Downie's notice of resignation that he knew of no circumstances connected with his resignation that significantly affected the interests of the members, prospective members or beneficiaries of the Scheme.

There were no other changes to advisor appointments during 2024. Deloitte LLP formally resigned as auditors to the Scheme with effect from 27 January 2025. As required by the Regulations made under the Pensions (Northern Ireland) Order 1995, it was confirmed in Deloitte's resignation that there were no circumstances with their resignation which they considered significantly to affect the interests of the members or prospective members of, or beneficiaries under, the Scheme. Following a formal tender exercise which started in Q4 2024, the Trustee appointed Grant Thornton UK LLP as auditors to the Scheme with effect from 12 February 2025.

Changes to the Directors to the Trustee

There were no changes to the Directors to the Trustee during the year.

Changes to the Secretary to the Trustee

There were no changes to the Secretary of the Trustee during the year.

J FURTHER INFORMATION

The Registrar, TPAS, the Pensions Ombudsman and the Pensions Regulator

In accordance with the Occupational Pensions Schemes (Disclosure of Information) Regulations (Northern Ireland) 1997, as amended, members are advised that:

- Information regarding the Scheme has been given to the Pension Tracing Service (Telephone: 0800 731 0193: Website: www.gov.uk/find-pension-contact-details).
- The Pensions Advisory Service (provided by the Money and Pensions Service) is available to assist members and beneficiaries with difficulties which they cannot resolve with the Trustee or the Scheme administrator (www.moneyhelper.org.uk/en/contact-us).
- In extreme cases, the Pensions Ombudsman of 10 South Colonnade, Canary Wharf, London E14 4PU may investigate and determine any complaint or dispute in relation to how the Scheme is run (www.pensions-ombudsman.org.uk/contact-us).

In addition to the above, the Pensions Regulator (TPR) regulates occupational pension schemes and enforces the law as it relates to them. It has wide ranging powers which include the powers to:

- Suspend, disqualify or remove a trustee, or director of a trustee company, for consistently failing to carry out their duties.
- Wind up schemes where necessary.
- Apply for injunctions to prevent the misuse and misappropriation of scheme assets and apply for restitution where necessary.

The auditor and actuary have a statutory duty to make an immediate written report to tPR if they believe that there has been a material breach of statutory requirements in relation to the running of the Scheme.

Internal disputes resolution procedure

A disputes resolution procedure has been agreed by the Trustee to resolve any queries raised by members, beneficiaries or potential beneficiaries of the Scheme. Details of this can be obtained by writing to the Secretary using the contact details below:

Email: northern.bank.ps@wtwco.com

Post: The Scheme Secretary, Northern Bank Pension Trust Limited, c/o Willis Towers Watson, 51 Lime Street, London, EC3M 7DQ.

J FURTHER INFORMATION (*CONTINUED*)

Contact for further information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or for a copy of Scheme documentation, should be sent to:

Danske Administration
Equiniti
Sutherland House
Russell Way
Crawley
West Sussex, RH10 1UH
Telephone : 0203 997 6720
E-mail : danske.administration@equiniti.com

Scheme Website

Information relating to the Scheme (including information which must be made available to members on a publicly available website) can be found on the Scheme's website – www.northernbankpensionscheme.co.uk.

K INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS TO THE TRUSTEE OF THE NORTHERN BANK PENSION SCHEME

We have examined the Summary of Contributions to the Northern Bank Pension Scheme (the 'Scheme') for the Scheme year ended 31 December 2024 which is set out on page 52.

In our opinion, contributions for the Scheme year ended 31 December 2024 as reported in the Summary of Contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the scheme actuary on 20 November 2023.

Scope of work on statement about contributions

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 at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of the Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities set out on page 52, the 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 the employer in accordance with the Schedule of Contributions.

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

Use of our statement

This statement is made solely to the Trustee, as a body, in accordance with Regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations (Northern Ireland) 1997 made under the Pensions (Northern Ireland) Order 1995. Our work has been undertaken so that we might state to the Trustee those matters we are required to state to them in an auditor's statement about contributions and for no other purpose.

K INDEPENDENT AUDITOR'S STATEMENT ABOUT CONTRIBUTIONS
TO THE TRUSTEE OF THE NORTHERN BANK PENSION SCHEME
(*CONTINUED*)

Use of our statement (*continued*)

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the trustees as a body, for our work, for this statement, or for the opinions we have formed.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
Date: 24/7/2025

L **STATEMENT OF TRUSTEE’S RESPONSIBILITIES IN RESPECT OF
CONTRIBUTIONS AND TRUSTEE’S SUMMARY OF
CONTRIBUTIONS**

The Scheme’s Trustee is responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the Employer and the dates on or before which such contributions are to be paid. The Scheme’s Trustee is also responsible for keeping records of contributions received and for procuring that contributions are made to the Scheme in accordance with the Schedule.

**Trustees’ Summary of Contributions payable under the Schedule in
respect of the Scheme year ended 31 December 2024**

This Summary of Contributions has been prepared by, or on behalf of, and is the responsibility of the Trustee. It sets out the Employer and member contributions payable to the Scheme under the Schedule of Contributions in force during the year.

Contributions payable under the Schedule in respect of the Scheme year		£’000
Employer:		
Expense contributions		-
Contributions payable under the Schedule		
(as reported on by the Scheme Auditor)		<hr/> - <hr/>

Reconciliation of contributions


Reconciliation of contributions payable under the Schedule of Contributions reported in the Financial Statements in respect of the Scheme year:


		£’000
Contributions payable under the Schedule (as above)		-
Contributions payable in addition to those due under the Schedule (and not reported on by the Scheme auditor):		
Employer augmentation contributions		1,336
Total contributions reported in the Financial Statements		<hr/> 1,336 <hr/>

L STATEMENT OF TRUSTEE’S RESPONSIBILITIES IN RESPECT OF
CONTRIBUTIONS AND TRUSTEE’S SUMMARY OF
CONTRIBUTIONS

**Trustees’ Summary of Contributions payable under the Schedule in
respect of the Scheme year ended 31 December 2024 *(continued)***

Signed on behalf of the Trustee of the Northern Bank Pension Scheme by:

Director.......... Date 24/7/2025

Director.......... Date 24/7/2025

APPENDIX 1

Actuarial Statements

REPORT ON ACTUARIAL LIABILITIES (FORMING PART OF THE TRUSTEE'S REPORT)

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, a defined benefit schemes 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 that members are entitled to at the valuation date. This is assessed using the assumptions agreed between the 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 2021. This showed that on that date:

The value of the technical provisions was: £1,366 million
The value of the assets (excluding AVCs) was: £1,433 million

The method and significant actuarial assumptions used to determine the technical provisions are set out below (all assumptions adopted are set out in the Statement of Funding Principles).

Method

The actuarial method to be used in the calculation of the technical provisions is the projected unit method.

Significant actuarial assumptions

Discount rates: the discount rate curve used to calculate the capital value of future cashflows are determined using the gilt curve (WTW GBP Zero Coupon Nominal curve) plus a margin which, for the 31 December 2021 valuation, is 0.5% per annum.

Future Retail Price Inflation (RPI): a rate derived from the Bank of England fixed interest and index-linked gilt yield curves at an appropriate duration at the valuation date.

Future Consumer Price Inflation (CPI): derived from the assumption for future Retail Price Inflation less 0.7% per annum until 2030, and then 0% per annum thereafter.

Pension increases: derived from the assumptions for future Retail Price Inflation and Consumer Price Inflation allowing for the caps and floors on pension increases, according to the provisions in the Scheme's rules.

Mortality: mortality before and after retirement is assumed to follow the standard "S3" tables, based on the experience of Self-Administered Pension Schemes ("SAPS") from 2009 to 2016 with improvements from 2013 to 2021 using CMI's 2021 Core Projections (with a rating of 88% for male non-pensioners, 76% for male pensioners, 90% for female non-pensioners and 83% for female pensioners).

There is a further allowance for improvements in mortality after the valuation date in line with the CMI's 2021 Core Projections using the default core parameter for smoothing ($S_k = 7.0$), 0% for initial addition and 0% for both 2020 and 2021 mortality experience, with a 1.5% per annum long-term trend.

For benefit accrual after 31 December 2007, members bear the cost of any mortality improvements in the period to retirement. No allowance is therefore made, in the funding of benefit accrual after 31 December 2007, for future improvements in mortality over the period to retirement.

NORTHERN BANK PENSION SCHEME**Annual Report and Financial Statements for the year ended 31 December 2024****55****Northern Bank Pension Scheme**

Schedule of Contributions for a five year period from the date of certification of this Schedule by the Scheme Actuary i.e. until 30 November 2028

1	Name of Employer:	Northern Bank Limited
2	Rates of contribution:	
	Member rate:	None required.
	Employer rate:	None required.
3	Employer contributions towards deficit amortisation	None required.
4	Residual Scheme Assets	The Residual Scheme Assets are defined, for the purpose of this Schedule, as all liquid Scheme assets excluding the buy-in policies. This would include, but not be limited to, the amount held in the Trustee bank account.
5	Residual Scheme Asset Buffer	Defined as total Residual Scheme Assets of £3 million, or other such amount as the Trustee and Employer agree, from time to time.
6	Employer contributions towards the Residual Scheme Asset Buffer	The Employer will be required to pay an amount when the Residual Scheme Assets fall below the Residual Scheme Asset Buffer, as instructed by the Trustee, to bring the Residual Scheme Assets up to at least an amount of £0.5 million in excess of the Residual Scheme Asset Buffer.
7	Employer contributions towards the expenses (including Pension Protection Fund levies) associated with the running of the Scheme	None required, on the basis that these will be paid out of Residual Scheme Assets.
8	Employer contributions for scenarios where the benefits paid to members are not covered by the buy-in policies	None required, on the basis that these will be paid out of Residual Scheme Assets.
9	Additional contributions:	As agreed by the Trustee and the Employer, for example to cover the exercise of discretions.
10	Due dates of payment:	
	Member contributions:	None required.
	Employer contributions:	To the extent that any Employer contributions are required under 6, 7, 8 or 9 above, these will be paid within 30 days of the initial written request from the Trustee.

Agreed on behalf of the Trustee of the Northern Bank Pension Scheme	Agreed on behalf of Northern Bank Limited
 DocuSigned by: Nick Chadha <small>FAF140F97BC8E18</small>	 DocuSigned by: Stephen Matchett <small>627B8C82305B0C7F</small>
Date: 20 November 2023	Date: 20 November 2023

Actuary's certification of Schedule of Contributions

Name of Scheme: *Northern Bank Pension Scheme*

Adequacy of rates of contributions

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 20 November 2023 to continue to be met for the period for which this schedule is to be in force.

Adherence to statement of funding principles

I hereby certify that, in my opinion, this schedule of contributions is consistent with the statement of funding principles dated 20 January 2023.

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:

Date: 20 November 2023

Colin Downie

Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited, a WTW Company

2 Semple Street

Edinburgh, EH3 8BL

UK

APPENDIX 2

Implementation Statement

Northern Bank Pension Scheme – 2024 Implementation Statement for 2019 DB Regulations

**Statement of Compliance with the Northern Bank Pension Scheme’s Stewardship Policy
for the year ending 31 December 2024**

Introduction

This statement is prepared on behalf of the Northern Bank Pension Trust Limited (“the Trustee”) in its capacity as Trustee of the Northern Bank Pension Scheme (“the Scheme”) in accordance with the requirements of the Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019. This statement sets out how the Trustee has complied with the Scheme’s Stewardship Policy during the period from 1 January 2024 to 31 December 2024.

As of 31 December 2024, the Trustee had entered into insurance policies with the Prudential Assurance Company Limited (“Prudential”) and Aviva Life & Pensions UK Limited (“Aviva”) that are expected to secure the pension benefits of all Scheme members in return for the initial payment of a buy-in premium.

As a result of the entered buy-in policies, Prudential and Aviva make monthly payments to the Scheme to cover benefit payments to members. The Scheme’s asset portfolio over the year was comprised of buy-in annuity policies, residual cash and one residual property asset (which is intended to be sold to reimburse a bridging loan from the Sponsoring Employer).

As a result, this statement will cover stewardship considerations following completion of the full insurance buy-in.

Stewardship policy and Voting activities

The Trustee’s Stewardship Policy covers voting and engagement by setting out how the Trustee will behave as an active owner of the Scheme’s assets, which includes the Trustee’s approach to:

- the exercise of voting rights attached to assets; and
- undertaking engagement activity, including how the Trustee monitors and engages with their investment managers and any other stakeholders.

You can review the Scheme latest Stewardship Policy which can be found within the Scheme’s Statement of Investment Principles (“SIP”), dated November 2023, at:

<https://danskebank.co.uk/northern-bank-pension-scheme/scheme-information>

The Stewardship Policy is reviewed on an annual basis and was last reviewed alongside the SIP review carried out in November 2023. Given that the Scheme’s assets are comprised of bulk

annuities held with insurers, a single property asset and residual cash, stewardship and voting activities are now of reduced relevance for the Scheme.

The Trustee is satisfied that it has complied with the Scheme's Stewardship Policy over the Scheme year ending 31 December 2024

Engagement activity

The Trustee invests directly in property assets. Through its property adviser, Osborne King, the Trustee engages with the tenants of these properties on an ongoing basis to discuss issues that could affect the assets.

Review of policies

The Trustee expects that Prudential and Aviva will take account of all financially material factors, including the potential impact of Responsible Investment issues, in the implementation of their mandate. Given the nature of the insurance contracts, the Trustee expects both insurers to actively consider Environmental, Social and Governance ("ESG") factors in their investment governance and decision making.

The Trustee monitors compliance with their Stewardship Policy on a regular basis and are satisfied that they have complied with the Scheme's Stewardship Policy over the last year.