Danske Bank

Northern Bank Pension Scheme

Report to Members

December 2021

Chairman's Introduction

Dear Member

Welcome to the 2021 Member Report. We encourage you to read the Report, which is issued to keep you informed of key developments affecting the Scheme and other relevant pension matters.

Thanks mainly to a successful vaccine programme, the social and economic impacts of COVID-19 were somewhat less in 2021 than those experienced in 2020. We understand, however, that some members of the Scheme (and loved ones of members of the Scheme) have sadly succumbed to this disease and we extend our heartfelt sympathy to all families that have suffered bereavement.

2021 has again been a busy year for the Trustee Board. Whilst all Board and Committee meetings continue to be held virtually, I am pleased to report that this has not inhibited the governance or progress of the Scheme. Given greater complexity and increasing regulatory requirements, the Trustee Board set up a new Governance Committee in 2021, to support the work of the existing Administration and Investment Committees.

With any defined benefit scheme, the funding position is fundamental to its success. I am pleased to report that recent estimates show the Scheme with an improved Technical Provisions funding surplus over that reported in the 31 December 2020 Summary Funding Statement (which you can read later in this Report). Indeed, under increasingly prudent liability assumptions, the Scheme's recent estimated Technical Provisions funding position was probably as high as it has ever been and is on track to reach the objective of being fully funded on a very low-risk basis by 2025. A full actuarial valuation will take place at 31 December 2021, with results expected to be available in late 2022 / early 2023.

Last year, I informed you of the introduction of the new Liability Driven Investment mandate with BlackRock. This year, the Trustee continued to utilise the mandate to increase hedging levels, thereby further protecting the Scheme's funding position from movements in interest rates and inflation. The Trustee also reduced its allocation to equities (by just under £29m) and in doing so realised some investment profit and reduced investment risk. You can find further details on the Scheme's current investments and hedging strategies later in the Report.

As recently communicated on our website (www.northernbankpensionscheme.co.uk), the Trustee entered into a second 'buy-in' policy in September past. Since the Scheme's first 'buy-in' policy in 2015, the insurer of that policy, Prudential, has withdrawn from offering new bulk annuity policies. Following an extensive due diligence exercise, the Trustee chose to take out its second bulk annuity contract with Aviva Life and Pensions UK Limited. Further details on the Scheme's buy-in policies can also be found later in the Report.

It is a sad truth that we live in a time when there is a constant stream of unscrupulous and amoral criminals who are keen to separate honest people from their hard-earned cash and our pension savings are no exception. I would encourage you to read the information contained in this Report on pension scams *(see page 4)*, which includes details of new regulations introduced with the aim of helping to safeguard members from the risk of being defrauded.

In this Report you will also find articles on GMP Equalisation, actuarial factors and on how pension increases are calculated. I trust you will find the Report informative and, as always, feedback or questions on the Report are welcome.

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We recently welcomed Alison Kane and Terry O'Doherty to the Board as member-nominated Directors in place of Stephen Johnston and Stephen Bloomfield, and I would like to express my thanks to all the Directors who diligently carry out a very demanding role.

Finally, I would also like to thank Brett Armstrong who, after 16 years in the role, will shortly be stepping down as Scheme Secretary. The interests of the Scheme and its members were always paramount to Brett, who has done a huge amount to contribute to the progression and good governance of the Scheme. I am sure my fellow (and former) Directors will join me in acknowledging the excellent support he has provided to the Trustee Board and its Committees.

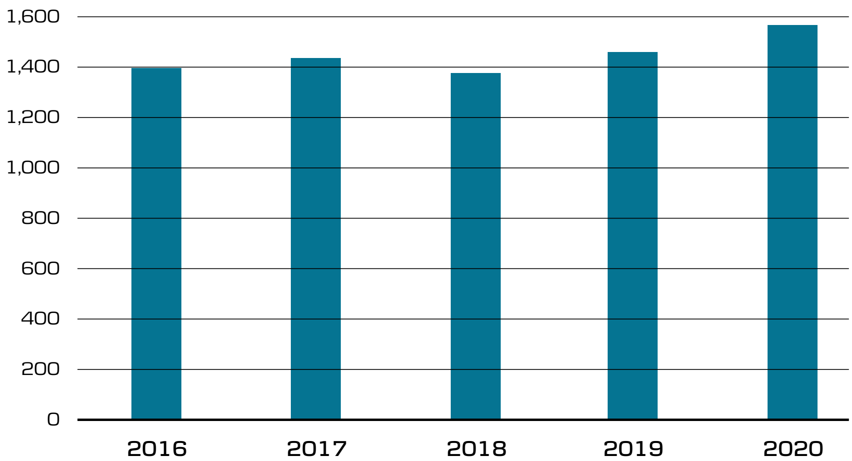
Mrs Lesley Bourke
Chairman

Scheme Assets and Statistics

How the Scheme's Fund Value has changed

The Scheme's audited assets (excluding AVCs) amounted to £1,568m at 31 December 2020.

Fund Value (£millions) 2016-2020



Membership Statistics (as at 1 October 2021)

Active members	0
Active Deferred members	584
Deferred members	1,328
Pensioner members	2,415
Spouses / Dependants	206
Children	13
Total Membership	**4,546**

Pension Scams – Don't let a scammer enjoy your retirement

Active Deferred or Deferred Members who are considering transferring their benefits from the Scheme should be aware of pension scams. In an attempt to scam you out of ***your*** pension savings, scammers may pose as financial advisers and/or try to flatter, tempt and pressure you into transferring your pension.

Tactics used may include promises of guaranteed or unusually high returns; a cold call, text or website pop-up offering a free pension review, a one-off opportunity or a legal loophole; access to pension savings before age 55; paperwork delivered by courier that requires immediate signature; a proposal to put your pension savings in a single investment or an overseas transfer.

Pension scams are devastating. Once a transfer is made to a scam scheme, it is probably too late. *Your* pension savings will then only benefit the scammers.

The Pensions Regulator (tPR) and the Financial Conduct Authority (FCA) suggest the following four simple steps:

1. **Reject unexpected offers (if you are contacted out of the blue, chances are it's a scam).**
2. **Check who you are dealing with (Search www.fca.org.uk/scamsmart and check the FCA's register to make sure anyone offering you advice is authorised. If they are, check they're permitted to give pension advice by calling the FCA Consumer Helpline on 0800 111 6768).**
3. **Never be rushed or pressured into making a transfer decision. (Take your time to make all the checks you need).**
4. **Get impartial information or advice. (You must obtain such advice if your transfer from the Scheme is more than £30,000).**

New regulations from 30 November 2021 will help the Trustee and Equiniti to identify high-risk transfers to help stop potential scams, but not all scams can be prevented by the Trustee. The Scheme is now required to carry out specific checks before complying with a member's request to transfer pension benefits. (Please be aware that some delays may result from the need for these checks to be conducted.)

Members are expected to be vigilant and to take great care when transferring benefits from the Scheme. Remember, great care should also be taken **when investing any Pension Commencement Lump Sum** (we understand this is something which scammers are increasingly focused upon).

If you are concerned, please contact the Scheme Administrator. Further information is also available at the following links:

www.fca.org.uk/scamsmart/how-avoid-pension-scams or **www.pension-scams.com**

Annual Report and Financial Statements (2020)

A copy of the Scheme's latest Annual Report and Financial Statements (which includes the Trustee's Statement of Compliance with the Scheme's Stewardship Policy) for the year ended 31 December 2020, as audited by Deloitte LLP, is available on the Scheme's website.

A summary of the Financial Statements for the year ended 31 December 2020 is shown below:

Income	£m
Employer Contributions (expenses)	1.0
Employer Contributions (early retirement funding/other)	0.1

Total £1.1m

–

Expenditure	£m
Pensions paid	34.4
Commutations and retirement lump sums	4.1
Transfers out	17.0
Administration expenses	1.3
PPF Levies	0.0

Total £56.8m

+

Return on Investments	£m
Change in market value of investments*	130.2
Annuity Income (Buy-in)	28.3
Investment income	4.2
Investment expenses	(1.2)

Total £161.5m

=

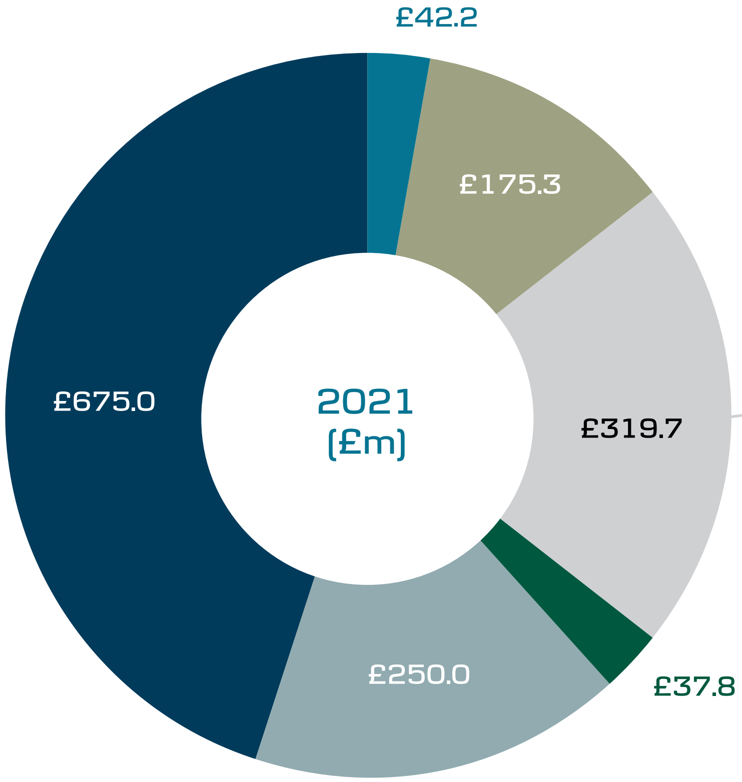
Assets	£m
Net assets (inc. AVCs) at 1 January 2020	1,463.3
Net increase	105.8
Net assets (inc. AVCs) at 31 December 2020	**1,569.1**

Increase £105.8m

* Investment income from assets held in pooled funds with BlackRock is included in the 'change in market value of investments'.

Asset Allocation (£m)

Investment allocation as at 31 October 2021 (£m)

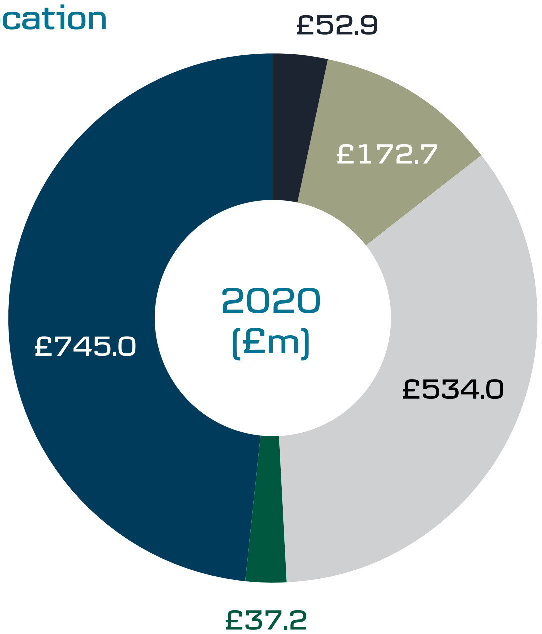


- BlackRock – Equities (inc. FX hedge)
- BlackRock – Corporate Bonds
- BlackRock – LDI Mandate
- Property
- Aviva – Bulk Annuity 'Buy-in' (estimated)
- Prudential – Bulk Annuity 'Buy-in' (estimated)

BlackRock – LDI Mandate composition	Value £m
Fixed Interest Gilts	£87.9
Index-linked Gilts	£217.7
Derivatives (Interest Rate Swap)	[-£0.1]
Derivatives (Inflation Swap)	£1.4
LDI Hedging (Repo Sleeve)	£2.0
Cash	£10.8
	£319.7

For comparison: investment allocation as at 30 November 2020 (£m)

- BlackRock – Equities
- BlackRock – Corporate Bonds
- BlackRock – LDI Mandate
- Property
- Prudential – Bulk Annuity 'Buy-in' (estimated)



General Information

Scheme Website – www.northernbankpensionscheme.co.uk

Members are reminded that the Scheme website, which is maintained by the Trustee, can be accessed at – www.northernbankpensionscheme.co.uk .

The website enables you to access general information about the Scheme, including information which the Trustee is required to make available to members on a publicly accessible website (i.e. the Scheme's Statement of Investment Principles). Please visit the website and also check it periodically for Scheme news and updates. The website will not include individual member information and if you have any queries regarding your benefits, you should continue to contact the Scheme's administrator (Equiniti – at danske.administration@ equiniti.com or on 0203 997 6720).

GMP Equalisation

In last year's Report we provided background information to 'GMP Equalisation'. In summary, the accrual of the Guaranteed Minimum Pension ("GMP") element of pension earned from 17 May 1990 to 5 April 1997 results in unequal treatment between men and women. If you were in pensionable service during this period (or if you are in receipt of a spouse's/dependant's pension based on pensionable service during this period), an adjustment to equalise your pension may be required.

The work to equalise GMPs is a major undertaking for the pensions industry and, like many other schemes in the UK, the Trustee is carrying out this work in stages. The first stage (reconciling Scheme GMP records against HMRC GMP records) and the second stage (rectifying any incorrect GMP splits in Scheme records) and adjusting annual pension for changes above a de-minimis threshold (which only affected a relatively small number of members) are now complete.

The next stage is equalising GMPs. The Trustee has recently appointed a specialist project manager within Willis Towers Watson to facilitate this stage. This work will further be broken down into different work streams, with equalisation expected to take a number of years to complete. One such work stream will be to include GMP equalisation outcomes in transfer values. In this regard, the Trustee recently introduced a new software-based solution for calculating some equalised transfer-out values. Previous transfers out (as well as some future transfers which the software solution currently cannot accommodate) will, in time, need to be revisited to ascertain whether a top-up payment is due. Another work stream will be to determine which equalisation method for existing members (from those outlined by the Court) should be adopted for the Scheme. The Trustee will then need to engage with Equiniti on the implementation of its selected approach.

At the point of equalisation any change to pension can, *overall*, only be positive. The majority of members are not expected to be impacted and for members where equalisation is required, it is likely to only mean a small increase in *overall* pension. The Trustee will communicate directly with any members impacted by GMP equalisation. Further general information on GMP Equalisation will also be provided in due course.

The Scheme's Buy-in Policies

What is a buy-in policy?

A buy-in policy is where a trustee enters into a legal agreement with an insurance company whereby, in return for a premium, the insurance company has to make regular payments to the trustee (usually for the same amount as the trustee has to pay those members whose pensions have been covered under the policy). A buy-in policy, like any other asset, belongs to the scheme as a whole (and does not belong to individual members). Entering into a buy-in policy means that risks such as investment, longevity and inflation are passed to the insurance company. This transfer of risk has meant that buy-in policies have become an increasingly common investment for larger UK pension schemes.

What buy-in policies does the Scheme hold as part of its assets?
The Scheme entered into its first buy-in policy in 2015, with Prudential (now part of M&G plc), when the Trustee exchanged c. £670m of Scheme assets in return for a monthly cashflow over the duration of the lifetime of the pensions covered under the policy. Since then, each month, Prudential has paid c. £2.3m to the Trustee. When the terms of the Prudential policy were negotiated, a provision was included meaning that higher payments are received from Prudential after periods of low inflation, than are required to match the pensions covered. The present cash value of the over-insurance that has built up in the policy was recently valued at c. £26m and the Trustee elected to receive this amount from Prudential as an additional cash payment.

In September 2021, the Trustee entered into its second buy-in policy, this time with Aviva. (Since taking out the Scheme's first buy-in, Prudential has withdrawn from offering new buy-in contracts.) Having shortlisted insurers, the Trustee chose Aviva as its preferred buy-in provider and completed a £227m transaction mainly covering the pensions of those members who retired in the period from 2015 to 2020. Aviva now also pay c. £0.55m to the Trustee each month, matching the monthly pensions covered under the policy.

The Trustee is in the process of entering into a third buy-in policy, again with Aviva (under the 'umbrella contract' which supported the September 2021 transaction). The additional monthly payment from Aviva, in respect of this £30m policy, will match the monthly pensions of most members who have retired since August 2020.

Before entering into any buy-in contract, the Trustee takes professional advice from leading advisory firms in the UK.

What safeguards are there with the Scheme's buy-in policies?
Whilst many risks are transferred to the insurer, when a buy-in contract is entered into, the Trustee is placed with 'counterparty risk' (i.e. the risk that the monthly payments from the insurer do not materialise as expected). This risk is mitigated by the Trustee in a number of ways. First, whilst nobody can predict with certainty the financial strength of any insurer in the future, insurance companies in the UK are now very heavily regulated and must maintain very high solvency positions. Notwithstanding this, the Trustee conducted detailed due diligence on both insurers before entering into buy-in arrangements with them. The buy-in policies are also protected through the Financial Services Compensation Scheme. The Trustee has also negotiated terms to better protect its position with both insurers in certain scenarios and, for the Prudential contract, this includes Prudential placing collateral (currently c. £730m) with an independent custodian to cover any termination amount which may fall due. Finally, for as long as the policies remain as buy-ins, the Bank remains liable for the funding of the Scheme.

The Scheme's Investment and Hedging Strategies

As the Chairman has reported, the Scheme is currently considered very well-funded. As the Scheme's funding level (the value of the Scheme's assets divided by the value of the Scheme's liabilities) has improved, the Trustee has sought to reduce the risk of the funding level falling. This has mainly been achieved in three ways:

1. Through the buy-in policies, whereby the Scheme's liabilities (pensions) are matched with income from the insurers. Following the September 2021 buy-in, over 60% of the Scheme's liabilities are now matched in this way.

2. Through switching from more volatile return-seeking assets (such as equities) to assets that better match the liabilities (such as gilts). As you will see on page 5, equities now only amount to c. £42m (which represents less than 3% of the Scheme's total assets).

3. Through a liability driven investment ("LDI") mandate, investing in assets that provide hedging against changes in interest rates and inflation (e.g. gilts and derivatives). Excluding the liabilities already matched by the buy-in policies, the LDI portfolio now hedges c. 95% of the Scheme's interest-rate risk and c. 90% of the Scheme's inflation risk.

The Trustee will continue to regularly review its investment strategy to protect the Scheme's funding position, whilst at the same time targeting the returns required to meet long-term funding objectives.

How increases to pensions in payment are calculated

The Scheme Rules require the Trustee to annually increase pensions in payment ('guaranteed increases') by reference to certain rates (either the Consumer Price Index ("CPI") or the Retail Price Index ("RPI")).

Each year, members in receipt of a pension are written to, to inform them of their annual increase. (In some cases, pensioners will at the same time receive a Certificate of Existence Form. If you receive such a Form, it is important that you return it and complete it without delay to ensure that your pension payments continue to be made.)

The following explains how the increase is calculated for the different elements of pension accrued in the Northern Bank Pension Scheme.

- **Pre-88 GMP:** Once a member reaches GMP Age (60 for females and 65 for males), any GMP element of pension that the member accrued prior to 6 April 1988 does not receive any annual increase from the Scheme. (Up until GMP Age, this element of pension is treated as 'Pre-97 Excess' and receives increases from the Scheme in line with that element.)

- **Post-88 GMP:** Once a member reaches GMP Age (60 for females and 65 for males), any GMP element of pension that the member accrued after 5 April 1988 (up to 5 April 1997) will receive a guaranteed increase reflecting the change in the **CPI Index (up to a maximum of 3.0%)**. Each year, the increase applied is based on the relevant percentage which is the annual change in the CPI Index from the preceding **September**. (Up until GMP Age, this element of pension is also treated as 'Pre-97 Excess' and receives increases in line with that element.)

- **Pre-97 Excess:** All pension accrued before 6 April 1997 (except any GMP element after GMP age) will receive a guaranteed increase based on the annual change in the **CPI Index (up to a maximum of 2.5%**). It is for the Bank to determine the date to be used for the annual change in the CPI Index (which cannot be earlier than six months before the increase date). The same inflation reference period (**November**) has been used each year since this increase Rule came into effect. This consistent reference period also provides sufficient time to calculate and update pension records for the 1 March increase.

- **Post-97 and Pre-08:** All pension accrued between 6 April 1997 and 31 December 2007 will receive a guaranteed increase based on the annual change in the **RPI Index (up to a maximum of 5.0%)**. Again, it is for the Bank to determine the date to be used for the annual change in the RPI Index (which again cannot be earlier than six months before the increase date). The same inflation reference period (**November**) is used each year.

- **Post-07:** All pension accrued between 1 January 2008 and 30 September 2018 will receive a guaranteed increase based on the annual change in the **RPI Index (up to a maximum of 2.5%)**. The same inflation reference period (**November**) is used.

Members who accrued their pension in the Danske Bank (2004) Pension Scheme receive increases to their GMP elements in the same manner as above; however, any GMP Excess pension accrued before 21 July 1997 receives a guaranteed increase of 5.0% p.a. and any pension accrued from 21 July 1997 receives a guaranteed increase based on the preceding September CPI (capped at 5.0% for accrual before 6 April 2005 and capped at 2.5% for accrual from 6 April 2005).

The annual rates of inflation for CPI and for RPI are published by the Office for National Statistics. It is important to note that in periods of higher inflation, the levels of guaranteed increases are capped. Whilst the Rules require the Trustee (in consultation with the Bank and the Actuary) to also annually consider whether to exercise a power to further increase pensions ('discretionary increase'), members should note that the Trustee cannot award a discretionary increase without the approval of the Bank.

As advised in last year's Report, the Government has decided to reform how RPI will be measured, announcing that 'RPI' is to be aligned to 'CPIH' (the Consumer Prices Index Including Owner Occupiers' Housing Costs (UK)) from 2030. As CPIH inflation is expected to be c. 1% p.a. lower than RPI, the impact is expected to reduce the level of increases to pensions in payment from 2030 (in respect of post-1997 pension which references RPI).

Review of Actuarial Factors

Actuarial factors affect the level of benefits you receive if your pension is converted to another type of payment – for example if you elect to take a pension commencement lump sum at retirement, the commutation factor will determine how much of a lump sum you will be entitled to and how much pension you will give up to fund that lump sum. Other actuarial factors will determine the cash equivalent transfer value or the level of reduction for early payment of pension.

The Trustee periodically undertakes a review of the Scheme's Actuarial factors to ensure that they remain appropriate. As well as receiving advice from the Scheme Actuary, certain factors also require agreement from the Bank before they can be changed. The latest review has recently been completed resulting in a general improvement in most factors. The Scheme administrator has now commenced the implementation of the updated factors.

New Pension Age

This is the age at which pension accrued for service after 31 December 2007 will be payable without reduction. For Deferred members, who have left the Bank's employment, post-2007 accrued pension becomes payable at age 60, subject to reduction to reflect payment before New Pension Age. New Pension Age for retirements in 2022 will be 61 years and 6 months (a reduction of 2 months from that in place during 2021).

Additional Voluntary Contributions ("AVCs")

Members who have AVC investments in the Scheme are reminded to regularly review them to ensure that the selected funds remain appropriate to your own circumstances (particularly if you are approaching retirement). In reviewing your AVC arrangements, you may wish to consider your investment objectives as these may have changed over time. For example, you may wish to consider what impact your planned retirement age, your other pension arrangements and your own work plans have on your AVC savings. You may also wish to consider your attitude towards investment risks and your need for investment returns (bearing in mind any Lifetime Allowance considerations). You are encouraged to take independent financial advice when making investment decisions.

Payment of Pensions (including the change to Normal Minimum Pension Age)

Deferred members are sent details of their pension around three to six months before it is due to come into payment. Active Deferred members are sent details of their pension shortly before their retirement date. Early retirement quotations are available from the Scheme Administrator.

Members (particularly those born around 1971 or later) should note that, 'Normal Minimum Pension Age' (currently age 55) is increasing to age 57 for retirements on and after 6 April 2028. This regulatory change has been introduced by the Government to coincide with the rise of State Pension Age to age 67.

Early Payment of Benefits

Active Deferred Members require the Bank's consent for early retirement (i.e. before age 60). Payment of pension to Deferred Members before Normal Retirement Date is subject to Trustee discretion (the Trustee's current practice is to facilitate early retirement requests). When a pension is paid early, it is reduced to reflect payment before Normal Retirement Age and (if applicable) before New Pension Age.

HMRC – Lifetime Allowance

Pension benefits (from all registered pension schemes) in excess of the Lifetime Allowance are subject to a tax charge. The charge (when paid as a lump sum) is 55%. For those members who do not hold HMRC Individual or Fixed Protection, the Lifetime Allowance is currently £1.073m. This did not increase in 2021 as had been expected. The current Lifetime Allowance is broadly equivalent to an annual pension of £53,650.

However, members who elect to transfer their benefits out of the Scheme could find that the transfer value from a much lower level of accrued annual pension will breach the Lifetime Allowance.

Further information on HMRC Allowances is available on the HMRC website. Further information on Scheme annual pension and transfer value measures against the Lifetime Allowance are available from the Scheme Administrator.

The information provided above on the Lifetime Allowances should not be taken as tax advice. You are encouraged to take independent financial advice on tax matters.

Transferring your Pension out of the Scheme

Pension benefits from the Scheme are normally paid by way of an annual pension or by way of a reduced pension and cash lump sum. The security and certainty of such regular pension payments from the Scheme (including, in periods of inflation, guaranteed annual increases) is expected to be in the best interests of the majority of Scheme members. Depending on personal circumstances, however, transferring benefits out of the Scheme to a DC arrangement may be more attractive for some members (as a DC fund provides greater flexibility on how pension savings are accessed in retirement – e.g. an annuity from an insurance company, income drawdown, cash or a combination thereof).

The Scheme Rules allow for transfers out, up to the point of your retirement (including a partial transfer of AVCs, or ‘split transfers’ for those who became Active Deferred members on 1 October 2018).

Before transferring your benefits from the Scheme, you need to fully consider the benefits and risks of doing so and you should get independent financial advice. If the transfer value is £30,000 or above, under legislation, a member must provide evidence that they have taken ‘appropriate independent advice’ from a financial adviser who is regulated by the Financial Conduct Authority (“FCA”) and has permission to advise on pension transfers. The FCA Financial Services Register can be accessed online at www.fca.org.uk/register. A FCA video on what to expect from financial advisers can be accessed from the following web address: www.fca.org.uk/consumers/pension-transfer. Further details are available from the Scheme Administrator.

Please note that you may have to pay for any independent advice that you receive and you would also need to decide to where any transfer would be payable.

The Trustee does not give financial advice, nor does it promote or encourage one retirement option over another. The Trustee would encourage members, particularly those approaching retirement, to seek independent financial advice on their retirement options.

Legislation has very recently been introduced which requires trustees and administrators to carry out more checks before processing pension transfers, to reduce the risk of pension scams. (Please note these checks cannot definitively rule out the risk of a pension scam.) Unless the receiving scheme is a public service pension scheme or, a tPR-listed authorised master trust or collective defined contribution scheme, further checks have to be carried out. Based on the information provided, the Trustee must refuse the transfer if any ‘red flags’ are present. If any ‘amber flags’ are present further information may be required and if any amber flags remain present, the member will be required to attend a guidance session with MoneyHelper (a Government-backed financial guidance provider) before the transfer can proceed. Equiniti are available to assist with any queries and if you have any reason to be suspicious or have concerns, please inform them immediately.

Scheme Administration

The Trustee acknowledges that, as a result of the COVID-19 pandemic, changes to working arrangements unfortunately led to some administration delays. The Administration Committee has been working with Equiniti throughout the year to continue to improve levels of service. The Trustee welcomes feedback from members on Scheme administration, which should be provided to Equiniti in the first instance. Alternatively, members may share feedback with the Scheme Secretary.

Trustee Agenda

In 2021, the Trustee held a total of 21 Board and sub-Committee meetings, to ensure that Scheme business was effectively managed.

In 2022, the Trustee expects business items to include triennial valuation work, long-term objective planning, a review of investment strategy (to include ESG and climate change considerations), GMP equalisation (including legacy transfers) and administration issues (such as preparation for the Pensions DashBoard).

General Data Protection Regulation

The Trustee holds, shares and processes certain personal information about Scheme members and, where applicable, their dependants for the purpose of administering the Scheme. Much of the data held and processed by the Trustee in running the Scheme will be "personal data" – in other words, it is information from which you as an individual (or your dependant) can be identified. Under the General Data Protection Regulation, the Trustee, as Data Controller, must process this information fairly, transparently and lawfully.

The Trustee's Privacy Notice was updated following the recent buy-in transaction when Aviva Life & Pensions UK Limited also became a data controller in relation to members' personal data (and, if applicable, personal data of any contingent beneficiaries). Aviva's Privacy Notice can be found at https://www.aviva.co.uk/services/about-our-business/products-and-services/privacy-policy/retirement-privacy-policy/. A copy of the Trustee's updated Privacy Notice is available on the Scheme's website – www.northernbankpensionscheme.co.uk.

Internal Dispute Resolution Procedure ("IDRP")

The Scheme is required by law to have a procedure for the resolution of disagreements between complainants and the Trustee. Should any member have a dispute that cannot be resolved informally, they may formally raise their complaint through the Scheme's IDRP. Further information, as well as a copy of the procedure, is available from the Secretary or from Equiniti.

State Pension

As a member of the Scheme you will receive a State pension in addition to your Scheme pension, although this will not become payable until you reach State Pension age. The amount payable will depend on your National Insurance contribution record. Like most occupational pension schemes, the Scheme was contracted out of the upper tier of the State Pension until 5 April 2016 (reducing your national insurance contributions) and accordingly a deduction may be applied to your single-tier State pension to reflect contracted out service. Details on how to get a State Pension estimate and to calculate your State Pension age can be found at www.gov.uk/calculate-state-pension.

Summary Funding Statement (31 December 2020)

As a member entitled to benefits from the Northern Bank Pension Scheme ("the Scheme"), we are writing to give you an update of the Scheme's funding position. The Scheme's Trustee is required to provide a statement like this once a year to give you updated information about the Scheme.

Valuing the Scheme

The last annual update of the Scheme was carried out on 31 December 2019, and this summary funding statement gives you an update of the Scheme's progress to 31 December 2020 (subsequent developments are not reflected in the figures). This showed that the funding position of the Scheme at 31 December 2020 was as follows:

Scheme assets	**£1,568m**
Assets needed to provide benefits	**£1,476m**
Surplus assets	**£92m**

As the Scheme was in surplus at the 2018 formal valuation, there is no requirement for any shortfall contributions to be paid by the Bank.

Change in funding position

The above figures show a funding level of 106%, which is a slight deterioration from the funding level of 107% shown in the last annual update at 31 December 2019.

UK Government Gilt yields fell over 2020, which increases the assessment of the target assets needed to provide benefits which has been partly offset by investment growth being higher than expected over the year.

The next formal funding valuation of the Scheme is due as at 31 December 2021.

Solvency position

As part of the formal valuation, an estimate was made of the additional money that the Bank would be required to pay into the Scheme to secure members' benefits with an insurance company. This might be required if, for example, the Scheme were to be wound up. The Trustee is required by law to provide you with this information – it does not mean that there is any intention of winding up the Scheme.

If the Scheme had been wound up on 31 December 2020, it is estimated that an additional £233 million would have been needed to ensure that all members' benefits could have been paid in full. At the previous assessment on 31 December 2019, this figure was £172 million.

Payments to the Bank

There have not been any payments to employers from the Scheme's assets since the last Summary Funding Statement (again, the Trustee is required by law to provide you with this information).

Where can I obtain more information?

If you have any other questions, or would like any more information, please contact the Scheme Secretary (see back cover for contact details).

The Trustee

Northern Bank Pension Trust Limited, which is the corporate Trustee of the Northern Bank Pension Scheme, is governed by its Directors.

Trustee Board
Lesley Bourke (Chairman)
Paul Alexander*
Alison Kane*
Irene Martin
David Murphy**
Terry O'Doherty*
Colin Steele*
Katharine Strain
Paul Taylor
Brian Telford

* Member-Nominated Director
** Independent Director

Secretary
Brett Armstrong

Administration Committee
Irene Martin (Chairman)
Alison Kane
Terry O'Doherty
Katharine Strain

Investment Committee
Brian Telford (Chairman)
Paul Alexander
David Murphy
Colin Steele
Paul Taylor

Governance Committee
Lesley Bourke (Chairman)
Irene Martin
Brian Telford

The Trustee's Professional Advisers

Actuary
Stephen Yates (Willis Towers Watson)

Administrator
Equiniti

Auditor
Deloitte

AVC Providers:
Standard Life Assurance Limited
Northern Bank Limited (t/a Danske Bank)

Bankers
Northern Bank Limited (t/a Danske Bank)

Bulk Purchase Annuity Provider
Aviva Life & Pensions UK Limited
Prudential Assurance Company Limited

Covenant Adviser
PwC

Custodian
The Bank of New York Mellon, London Branch

Investment Adviser
Hymans Robertson LLP

Investment Consultant
Lane Clark & Peacock LLP

Investment Managers
BlackRock
Osborne King

Solicitors
Sacker & Partners LLP
Burges Salmon LLP

Keeping your contact details up to date

Deferred and Pensioner members are reminded to please inform Equiniti if their personal details change (e.g. name or address). If your contact details are not correct, please contact Equiniti (contact details below). Active Deferred members should inform HR of any changes to their personal details.

It is important that you ensure your contact details are up to date, as otherwise the Trustee may not be able to contact you (for example, to arrange payment of your pension).

Also, from time to time, the Trustee (or its appointed agents) may need to contact you with important information regarding your Scheme benefits.

Scheme Contact Information

Equiniti (Scheme Administrator)

Danske Administration
Equiniti
Sutherland House
Russell Way
Crawley
West Sussex
United Kingdom RH10 1UH

Tel: 0203 997 6720
Email: danske.administration@equiniti.com

The Equiniti team deal with the day-to-day administration of the Scheme and should be your first point of contact for all general enquiries, including requests for details of your Scheme benefits.

Scheme Secretary

Northern Bank Pension Trust Ltd
Donegall Square West
Belfast
BT1 6JS

Tel: 028 9004 7970
Email: pensionsteam@danskebank.co.uk
Web: www.northernbankpensionscheme.co.uk

The Scheme Secretary and his team, assist the Trustee Board with the management and operation of the Scheme. Please contact the Secretary if your query cannot be resolved by Equiniti.

This Member Report summarises developments within, and progress of, the Northern Bank Pension Scheme. It also contains details of Scheme benefits and other general pension information. Checks have been undertaken to verify the accuracy of its content; however, in the event of any omissions or inaccuracies, the legal documents governing the Scheme, or relevant legislation, will apply.

Northern Bank Pension Trust Limited
Registered in Northern Ireland NI 3155
Registered Office: Donegall Square West, Belfast, BT1 6JS
www.northernbankpensionscheme.co.uk

Danske Bank
Danske Bank is a trading name of Northern Bank Limited
www.danskebank.co.uk