

Summary Funding Statement as at 31 December 2023

Valuing the Scheme

The latest annual update of the Scheme communicated to you was carried out on 31 December 2022, and this summary funding statement gives you an update of the Scheme's progress to 31 December 2023 (subsequent developments are not reflected in the figures). This showed that the funding position of the Scheme at 31 December 2023 was as follows:

Scheme assets	£942 million
Assets needed to provide benefits	£940 million
Surplus assets	£2 million

As the Scheme was in surplus at the 2021 formal valuation, there is no requirement for any shortfall contributions to be paid by the Bank.

Change in funding position

The above figures continue to show the Scheme in surplus, with a funding level of 100%, at 31 December 2023. For comparison purposes, the corresponding funding level at the previous annual update as at 31 December 2022 was 103%, and at the previous formal valuation as at 31 December 2021 was 105%.

In September 2023 there was a significant change to the Scheme's investment strategy. The Trustee secured a bulk purchase annuity transaction with M&G to buy-in the remainder of the Scheme's membership with the outcome being that all members' entitlements are now covered by buy-in policies which broadly match the amount the Scheme has to pay out in benefits.

This transaction was at a cost which was slightly above our previous estimate of the assets needed to provide benefits, which is why the funding level has reduced over the year. However, the risk of the Scheme's funding level worsening has been addressed by the securing of insurance policies which match the Scheme's pension promises to members. So although the funding level shown is now lower, this funding level is now a much more **certain** 100% rather than an **expected** 103% (which could have fallen in future, e.g. if members lived longer than expected or the Scheme's assets reduced in value).

The next formal funding valuation of the Scheme is due at 31 December 2024.

Solvency position

As part of the 2021 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. At that time it was estimated that the Scheme's assets would have covered around 91% of the expected cost of the associated insurance policies. As noted above, the Scheme now has insurance policies to cover all members' benefits, which is a good result relative to the 91% expectation a few years ago.

Payments to the Bank

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

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The Pensions Regulator's powers

The Pensions Regulator can change the Scheme, give directions about working out liabilities or impose a schedule of contributions to be paid to the Scheme. The Trustee is pleased to say that the Pensions Regulator has not needed to use its powers in this way for the Scheme.

Where can I obtain more information?

If you have any other questions, or would like any more information, please contact the Scheme Secretary (see 'Contact Details' at the back of this Member Report).