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Yorkshire and Clydesdale Bank Pension Scheme

Scheme Registration Number: I0003237

Trustee's Annual Report and Financial Statements

For the Year Ended 30 September 2025

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Trustee and its Advisers

The Trustee

Yorkshire and Clydesdale Bank Pension Trustee Limited is the Corporate Trustee ("the Trustee") of the Yorkshire and Clydesdale Bank Pension Scheme ("the Scheme"). Registration Number: SC150005.

The names of the Directors who served during the year and any post year end changes are set out below.

Directors of the Corporate Trustee

Independent Directors:

Inder Dhingra – Chair of the Trustee Board

The Law Debenture Pension Trust Corporation PLC, Independent Trustee, represented by Jane Beverley

Gavin Hill

Elected by the members:

Alan Duncan

John Hurst

John Lafferty

Nominated by the employer:

Claire McCormick
Chloe Stafford (resigned 31 March 2026)
Lorna Bennie (resigned 31 May 2025)
Ingrid McRitchie (appointed 9 April 2026)

Secretary of the Corporate Trustee
Glen Rudd

Principal and Participating Employer
Clydesdale Bank PLC ("the Bank") (principal employer until 27 March 2026 and participating employer from 27 March until 2 April 2026)
177 Bothwell Street
Glasgow
G2 7ER

Nationwide Building Society ("the Sponsor") (from 27 March 2026)
Nationwide House
Pipers Way
Swindon
SN38 1NW

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Trustee and its Advisers (continued)

Investment Managers

BlackRock Financial Management
55 East 52nd Street
New York
NY 10055
USA

Alpha Real Capital LLP (Alpha Real)
80 Strand
London
WC2R 0DT

Legal & General Investment Management (LGIM)
One Coleman Street
London
EC2R 5AA

Knight Frank Investment Management (Knight Frank)
Saddlers House
44 Gutter Lane
London
EC2V 6BR

PGIM
Grand Buildings
1-3 Strand
London
WC2N 5EJ

Schroders Greencoat LLP (Greencoat)
1 London Wall Place
London
EC2Y 5AU

Aberdeen
1 George Street
Edinburgh
EH2 2LL

CB Richard Ellis Global Investors Limited (CBREGI)
Third Floor
One New Change
London
EC4M 9AF

Longevity Swap Counterparties

Zurich Assurance Limited
Unity Place
1 Carfax Close
Swindon
Wiltshire
SN1 1AP

Pacific Life Re International Limited
Tower Bridge House
St. Katharine's Way
London
E1W 1BA

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Trustee and its Advisers (continued)

AVC Providers

Standard Life Plc (from March 2026) (formerly Phoenix Life)
Standard Life House
30 Lothian Road
Edinburgh
ED1 2DH

Aviva Plc
PO Box 520
Norwich
NR1 3WG

Prudential Assurance Company Limited
142 Holborn Bars
London
EC1N 2NH

Advisers

The advisers to the Trustee during the year and at the date of approval of the report are set out below.

Actuary

Andrew Hornell, FIA (appointed 5 February 2026)
Towers Watson Limited
2 Semple Street
Edinburgh
EH3 8BL

Nicola MacKay, FIA (resigned 5 February 2026)
Towers Watson Limited
2 Semple Street
Edinburgh
EH3 8BL

Investment Adviser

Towers Watson Limited
London Road
Reigate
Surrey
RH2 9PQ

Independent Auditor

Ernst & Young LLP
2 St. Peter's Square
Manchester

Legal Adviser

Sacker & Partners LLP
20 Gresham Street
London
EC2V 7JE

Governance Services

Vidett
3rd Floor Forbury Works
37-43 Blagrave Street
Reading
RG1 1PZ

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Trustee and its Advisers (continued)

Administrator

Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington
DL1 9YT

Banker

Virgin Money
94-96 Briggate
Leeds
LS1 6NP

Global Custodian

Northern Trust Corporation (Northern Trust)
50 Bank Street
Canary Wharf
London
E14 SNT

Property Solicitor

Pinsent Masons LLP
3 Colmore Circus
Birmingham
B4 6BH

Property Performance

MSCI Investment Property Databank Ltd
Ninth Floor Ten Bishops Square
London
E1 6EG

Property Valuer

Avison Young
65 Gresham Street
London
EC2V 7NQ

Employer Covenant Adviser

Interpath Ltd
10 Fleet Place
London
EC4M 7RB

Communications Adviser

Quietroom
87a High Street
The Old Town
Hemel Hempstead
HP1 3AH

Scheme Accountant

Capita Pension Solutions Limited
Hartshead House, 2 Cutlers Gate
Sheffield
S4 7TL

Financial Adviser to members

Origen Financial Services Ltd
Ascent 4
2 Gladiator Way
Farnborough
Hampshire GU14 6XN

Longevity Swap Adviser

WTW Plc
5 Wellington Place
Wellington Street
Leeds
LS1 4AP

Cyber Security Adviser

Crowe U.K. LLP
55 Ludgate Hill
London
EC4M 7JW

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Trustee's Report

The Trustee presents its annual report and audited financial statements of the Yorkshire and Clydesdale Bank Pension Scheme for the year ended 30 September 2025.

The Scheme was established under a Trust Deed and registration has been granted by His Majesty's Revenue & Customs under the terms of the Finance Act 2004.

On 31 July 2017 the Scheme closed to future accrual for most active members, and as a result the majority of the membership is made up of deferred and pensioner members.

Scheme Management

Directors of the Corporate Trustee

The Scheme is managed by a corporate Trustee, Yorkshire and Clydesdale Bank Pension Trustee Limited.

The Board of Yorkshire and Clydesdale Bank Pension Trustee Limited is comprised of three Member Nominated Trustee Directors (MNDs), three Employer Nominated Trustee Directors (ENDs) and three Independent Directors. The quorum required for Trustee meetings is four Trustee Directors made up of one END, one MND, one Independent Director and a further Trustee Director from any of these Director categories.

The power of appointment and removal of the Corporate Trustee is exercisable, by the Principal Employer, subject to restrictions set out in the Scheme's Trust Deed and Rules and the Corporate Trustee's Articles of Association.

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.

Changes in and other matters relating to the Directors of the Trustee

As a result of Lorna Bennie's resignation on 31 May 2025 and the resignation of Chloe Stafford on 31 March 2026 when her term as a Trustee Director ended, there is currently one END vacancy on the Board.

Corporate Trustee Meetings

The Directors of the Corporate Trustee meet at least quarterly and otherwise as necessary to consider matters relating to the operation and administration of the Scheme.

The following Board sub-committees meet and report thereafter to the Board either with information and / or with recommended actions. In addition to attending the meetings of the Board and its sub-committees, Board members also meet with the Principal Employer to discuss issues relating to the Scheme.

Corporate Events Sub-Committee (CESC)

The CESC has not met during the year to 30 September 2025. The Trustee and the Bank formed a joint working group to discuss details of the acquisition of Virgin Money plc by Nationwide and subsequent change of the Scheme's principal employer to Nationwide and other sponsor-related matters.

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Trustee's Report (continued)

Scheme Management (continued)

Audit & Risk Sub-Committee (ARSC)

The ARSC meets at least quarterly and liaises with the Scheme Accountant in the production of the Scheme's annual and statutory financial statements.

It regularly reviews the risks borne by the Scheme and recommends mitigation or controlling actions. This includes monitoring the Scheme's employer covenant, providing updates on the formal covenant review to the Board, and monitoring and advising the Board on compliance, regulatory and legislative matters (including compliance with the General Code of Practice published by the Pensions Regulator).

The ARSC is responsible for reviewing the Scheme's Annual Business Plan and Budget and recommending them to the Board for approval.

The ARSC is also responsible for reviewing the overall governance structure of the Scheme and making recommendations to the Board.

Administration Sub-Committee (ASC)

The ASC meets at least quarterly and is responsible for regularly monitoring the delivery of administration services to the Scheme by the Scheme's administrator and the Bank's Group Pensions Department.

It monitors and authorises discretionary benefits, including incapacity pension payments and ill-health pension payments.

It reviews communications with Scheme members and beneficiaries.

It reviews and manages items raised under the Scheme's Internal Dispute Resolution Procedure (IDRP) and ensures that matters are reported to the Board as required.

The ASC is also responsible for managing project activity as required, which includes the Pensions Dashboard Programme and from October 2024 for completion of the remaining activities relating to GMP reconciliation, rectification and equalisation following the disbandment of the GMP Sub-Committee.

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Trustee's Report (continued)

Scheme Management (continued)

Investment Sub-Committee (ISC)

The ISC is responsible for reviewing the Scheme's investment strategy and Statement of Investment Principles (SIP) and recommending any changes to the Board.

The Board delegates the monitoring of its investment managers to the ISC. The ISC meets at least quarterly to monitor the performance of the Scheme's investment managers, and the performance of the Scheme's assets as a whole, including the Scheme's liability hedging investments. The monitoring process involves the comparison of managers' performance against appropriate benchmarks, both over the short and longer term, using performance data provided by the Trustee's investment adviser, to understand the primary drivers of that performance. Any breaches of the guidelines in place for these managers, where the managers have reported such a breach or where such a breach has been identified, would be discussed as part of that review of performance.

On an ongoing basis the ISC also reviews the managers' (and custodian's) internal control reports which highlight any exceptions reported by the relevant reporting accountants and considers the managers' responses to any such exceptions.

The ISC also reviews and makes recommendations to the Board on Environmental, Social and Governance (ESG) matters. It is also responsible for developing and maintaining a framework for managing climate change risk, recommending metrics to the Board to be used by the ISC to monitor this risk and overseeing the production of the Trustee's Report in respect of the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.

Finally, the Trustee's investment adviser provides the Trustee with an annual letter confirming that the investments of the Scheme are satisfactory* in the context of the Scheme's SIP and investment regulations** on the suitability of investments.

* *"satisfactory" is meant in the light of the Pensions Act 1995, as amended by section 245 of Pensions Act 2004 and regulations made under that section.*

** *the Occupational Pension Schemes (Investment) Regulations 2005 reg 4*

Valuation Sub-Committee (VSC)

The VSC is responsible for carrying out detailed discussions with the Sponsor and Advisers in relation to triennial actuarial valuations and bringing recommendations to the Board for approval. It also reviews the Scheme's funding strategy and Statement of Funding Principles (SFP). As the valuation as at 30 September 2022 was completed on 28 September 2023 the VSC did not meet during the accounting period. The next triennial valuation is as at 30 September 2025 and the VSC sub-committee will reconvene to liaise with the Sponsor.

Nominations and Remuneration Sub-Committee (NRSC)

A new Nominations and Remuneration Sub-Committee (NRSC) was formed in December 2025. The NRSC will meet annually, or as and when required.

The purpose of the NRSC is to review Trustee Director Nominations, Terms of Office and Remuneration, have oversight of adviser selection, and make recommendations to the Trustee Board.

The NRSC will comprise of three Trustee Directors (1 independent, 1 END and 1 MND) appointed by the Trustee Board.

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Trustee's Report (continued)

Scheme Management (continued)

Going Concern

In producing the financial statements and as part of the ongoing business of the Trustee, checks are made in relation to the ability of the Scheme and the Sponsor to operate as a going concern.

The year to 30th September 2025 reflected a period of strong market performance, largely driven by US technology stocks and Artificial Intelligence (AI) optimism, alongside persistent inflation concerns and a mixed economic picture across different regions. Markets fell in March due to concerns over US trade policy and global tariffs but recovered strongly as concerns eased and expectations of interest rate cuts in the US and UK increased. Bond market returns were mixed with corporate debt outperforming government bonds. Shorter-dated bond yields generally fell due to interest rate expectations, while longer-dated yields remained sensitive to government debt concerns.

Ensuring that the operation can continue over the longer term involves an assessment of the solvency and liquidity risks that both the Sponsor and the Yorkshire and Clydesdale Bank Pension Scheme face. This is supported by advice from the Scheme Actuary, the Scheme Investment Consultant and the Scheme Lawyers as well as the appointed independent Covenant Adviser.

During the period, the Trustee continued to have discussions with the Sponsor and received reports from its independent Covenant Adviser in relation to the Sponsor's strength and capital position. The Trustee continues to monitor the funding and risk position of the Scheme.

The Trustee is not aware of any past conduct charges or other issues that would impact the Sponsor's ability to operate as a going concern for the foreseeable future.

Consideration of all or any of these items and the impact they may have on the Scheme are recorded through the Risk Dashboard which is discussed at each of the quarterly meetings both at Board and Sub Committee level.

In addition, the Trustee discusses with the Sponsor the investment strategy it adopts, the level of risk and how this may impact an agreed journey plan.

In setting the investment strategy, the Trustee ensures adequate liquidity within the investment portfolio, considering:

- The requirement to pay ongoing pensions to retired members
- Upcoming retirements and the potential increase to the monthly payments associated with this
- The level of transfer values being paid from the assets
- The potential collateral calls under its swap and REPO agreements

Following the acquisition of Virgin Money UK PLC by Nationwide Building Society on 1 October 2024, Nationwide executed a Part VII transfer of the Financial Services and Markets Act 2000 of all Clydesdale Bank plc assets and liabilities into the Nationwide Building Society. This was completed on 2 April 2026. To enable the scheme to be transferred effectively to Nationwide and to ensure that Nationwide inherited all relevant legal and statutory funding responsibilities to the Scheme, the Trustee entered into a Deed of Participation, Substitution and Flexible Apportionment Arrangement resulting in Nationwide replacing the Clydesdale Bank plc as Principal Employer on 27 March 2026. In order to reach this agreement, the Trustee consulted with its advisers and concluded that the employer covenant would remain sufficiently strong to fund the scheme following the change to the Principal Employer.

Having given due consideration to the above and having discussed this matter with the principal employer, the Trustee considers that the Scheme remains a going concern.

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Trustee's Report (continued)

Scheme Management (continued)

Nationwide Building Society acquisition of Virgin Money

The Nationwide Building Society acquired Virgin Money UK Plc on 1 October 2024. Work was undertaken to transfer Virgin Money's business to Nationwide, and the High Court sat in February 2026 and approved this transfer to go ahead. The transfer took place on 2 April 2026.

Following the transfer, Nationwide Building Society became the principal employer of the YCB Pension Scheme. The Trustee is working closely with its advisers, the Clydesdale Bank and Nationwide to consider this change and any potential impact on the Scheme.

Pension benefits will not be affected by the transfer and there will be no change to the day-to-day running of the Scheme.

Administration and Investment Management Expenses

All costs associated with the administration and investment management of the Scheme are borne directly by the Scheme. The Bank reimbursed £6.0m towards administrative expenses and insurance premiums. The Bank also reimburses the Scheme for the PPF Levy.

Financial Review

The net assets of the Scheme as at 30 September 2025 amounted to £2,556.5m (2024: £2,839.3m) representing a decrease in net assets of £282.7m (2024 – increase of £31.8m). The decrease comprises net outflows from dealings with members of £126.2m (2024: £122.5m) and a negative return on investments of £156.5m (2024: positive return of £154.3m).

The financial statements, which have been prepared and audited in accordance with regulations made under section 41 (1) and (6) of the Pensions Act 1995, are set out from page 36 to 37 and the investment report is set out from page 16 of this report.

Actuarial Position

The most recent formal actuarial valuation of the assets and liabilities of the Scheme was made as at 30 September 2022 and the results are set out in the Actuary's formal report dated 28 September 2023. Details of this, the assumptions used and the annual actuarial update to 30 September 2024 can be found in the Report of Actuarial Liabilities on page 27 of this report. The actuarial certification made for the purposes of Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005 is set out on page 29 of this report. The funding position on a technical provisions basis at 30 September 2024 was 110%. The triennial valuation as at 30 September 2025 is underway.

Change in Scheme Actuary

Nicola MacKay of WTW resigned her position as Scheme Actuary on 5 February 2026. In her statement on leaving office, she noted no circumstances connected with her resignation which, in her opinion, significantly affected the interest of members or prospective members or beneficiaries under the Scheme. Her colleague Andrew Hornell of WTW was appointed as Scheme Actuary on 5 February 2026 in her place.

Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021 Disclosures

The Scheme is subject to the requirement to produce disclosures as set out in the Occupational Pension Schemes (Climate Change Governance and Reporting) Regulations 2021.The aim remains to improve reporting of climate-related financial risks and opportunities. On 31 March 2026, the Trustee published its third Climate Change report. A copy of the report can be viewed and downloaded from:

https://www.ycbps.co.uk/~/media/document-libraries/ycbps/2026/ycb_climate_report_march_2026.pdf

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Trustee's Report (continued)

Scheme Management (continued)

Capita Cyber Incident

As reported in the 2022, 2023 and 2024 financial statements, the Trustee was advised by the scheme's administrator, Capita Pension Solutions Limited ('CPSL'), on 31 March 2023 that Capita plc ('Capita') identified a cyber incident which resulted in unauthorised access to its IT systems. Upon discovery, Capita interrupted and restricted the cyber incident promptly on 31 March 2023.

Capita investigated that incident. That investigation found that a third party, unauthorised by Capita, accessed Capita's IT systems on 22 March 2023.

CPSL advised the Trustee that it employed internal and third party advisers to establish what data had been exfiltrated during this incident, although it confirmed that its Hartlink pension administration platforms were not affected.

The Trustee complied with the requirements and recommendations of the Pensions Regulator in relation to the cyber incident and wrote to impacted members in the summer of 2023 to advise them of the data breach and warn them to be vigilant to any scams that may arise from the exfiltrated data potentially being publicly available. Capita offered an Experian credit monitoring service free of charge for one year to members whose data was exfiltrated in the cyber incident. In August 2024 the Trustee extended access for members who had signed up for the Experian service for another year, providing members with a total of 24 months access to Experian.

In April 2024 the Trustee received from Capita results of the independent forensics investigation carried out by Kroll, confirming details of the Scheme data that had been exfiltrated. This highlighted additional members who had been impacted and additional data elements that had been exfiltrated for certain members. An initial report was submitted to the ICO on 5 April 2024 in relation to the April 2024 notification and an updated report was submitted to the ICO on 7 June 2024. The Trustee wrote to the newly identified impacted members and those with additional affected data elements in August and September 2024. These members were offered 24 months' access to the Experian credit monitoring service free of charge. An update of the position was also submitted to the Pensions Regulator on 9 September 2024.

The Trustee continues to work closely with its legal and other advisers, and with Capita, to mitigate any further risk resulting from the cyber incident and to ensure that Scheme members affected are protected as far as possible.

Capita has advised the Trustee that it has taken extensive steps to recover and secure the data contained within the impacted servers, and also that it has no evidence that information resulting from this incident is available for sale on the dark web or otherwise. Capita continues to monitor the dark web, and the Bank also undertakes monitoring on behalf of the scheme through its Threat Intelligence Team. As such there is no basis to consider there is a current likelihood of exfiltrated data being misused, or that this would increase in future. In October 2025, following its investigation, the Information Commissioner's Office (ICO) confirmed it had issued a fine to Capita for failing to ensure the security of personal data in relation to the breach that took place in March 2023. Capita reached a settlement with the ICO and has confirmed that all areas of remediation identified by the ICO have been addressed mitigating the risk of another incident. Capita has shared the ICO's findings and details of the improvements made with the Trustee.

The full announcement can be found on the ICO website:

https://ico.org.uk/about-the-ico/media-centre/news-and-blogs/2025/10/capita-fined-14m-for-data-breach-affecting-over-6m-people/

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Trustee's Report (continued)

Scheme Management (continued)

Scheme membership

The number of members and beneficiaries of the Scheme as at 30 September 2025 was as follows:

Members	Active	Deferred	Pensioner	Total
Members at start of year	**9**	**11,353**	**10,356**	**21,718**
Adjustments *	-	(83)	69	(14)
Revised opening membership	**9**	**11,270**	**10,425**	**21,704**
Commutations	-	(130)	(7)	(137)
Retired	-	(565)	565	
Deaths	-	(8)	(174)	(182)
Transfers out	-	(18)	-	(18)
Suspension and reinstatements	-	-	(15)	(15)
New dependants	-	-	56	56
Ceased children's pensions	-	-	(11)	(11)
Members at end of year	**9**	**10,549**	**10,839**	**21,397**

* The adjustments to the opening balance are caused by recording prior year member events within the reporting period. The main reasons for the adjustments are:

- Deferred members retire but a delay occurs in the return of the completed paperwork. The event is recorded on completion, noting the earlier effective date. This also covers the full commutation of benefits at retirement.
- Members pass away prior to the reporting period, but the administrator is not advised until a later date. Again, the event is recorded following notification but is based on the date the member passed away.
- The update to the member's record is processed post year end and not in the period in which the event originally occurred.

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

Pensions Dashboard Programme

The Pensions Dashboard programme (PDP) is a government initiative designed to help individuals access their pension information in one place. It operates under the authority of the Pension Schemes Act 2021 and the Pensions Dashboards Regulations 2022 which sets standards for the operation of pensions dashboards services. The legislation sets out the timeline and requirements for pension schemes and providers to connect to the pension dashboards ecosystem. Working with the pension scheme administrators, the YCB Pension Scheme connected to the dashboard ecosystem in September 2025, and the Trustee will continue to engage with this initiative and comply with its requirements.

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Trustee's Report (continued)

Scheme Management (continued)

Changes to the Scheme Rules

No changes to the Scheme Rules were made in the Scheme year to 30 September 2025.

The Trustee has taken advice on the High Court case in June 2023 between Virgin Media Ltd and NTL Pension Trustees regarding the formalities which needed to be satisfied when making changes to the rules of contracted-out schemes before 2016 under Section 37 of the Pension Schemes Act 1993. The case has since been appealed and upheld. The Trustee Board during the relevant period had serving professional Trustee Directors and was guided by well-regarded advisers and accordingly there is nothing to suggest that there should be any concerns over how scheme changes were implemented during the relevant period. In June 2025, the Government announced its intention to introduce legislation enabling pension schemes to obtain retrospective written actuarial confirmation (where necessary) that historical benefit changes met the necessary standards, providing clarity and reassurance following the Virgin Media judgment. This legislation will be part of the forthcoming Pension Schemes Act 2026 and be supplemented with guidance for scheme actuaries. Based on the advice provided, and after detailed consideration the Board agreed to take no further action at present and to continue to monitor the situation.

Pension Increase Exchange Options

A Pension Increase Exchange (PIE) option is offered to certain members at retirement. A PIE at retirement does not need to comply with the industry-wide voluntary Code of Good Practice. However, the Trustee and Bank have agreed to adhere to the Code where it is appropriate to do so. In particular, financial advice is made available for members wishing to pursue this option.

Pension increases

Some pensions in payment are subject to an annual review by the Principal Employer and the Trustee. The majority of pensions, where the member has not exchanged future increases for a higher immediate pension, increase at the following rates (though some historical pensions in payment receive different increases, in line with requirements set out in the Scheme Rules).

- Pensions attributable to service pre-6 April 1997 for Clydesdale members are increased at each review by the rise in the Retail Prices Index, or 2.5% whichever is lower.
- Pensions attributable to service pre-6 April 1997 for Yorkshire members are increased at each review by the rise in the Retail Prices Index, or 5% whichever is lower.
- Pensions attributable to service from 6 April 1997 to 31 March 2006 are increased at each review by the rise in the Retail Prices Index, or 5% whichever is lower.
- Pensions attributable to service from 1 April 2006 are increased at each review by the rise in the Retail Prices Index, or 2.5%, whichever is lower.

The increases below and overleaf have been awarded to pensions in payment, in excess of GMP during the last three years.

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Trustee's Report (continued)

Scheme Management (continued)

Clydesdale members

Year	Increase to Pension earned to 5 April 1997	Increase to Pension Earned from 6 April 1997 to 31 March 2006	Increase to Pension Earned after 31 March 2006
2025	2.5%	2.7%	2.5%
2024	2.5%	5.0%	2.5%
2023	2.5%	5.0%	2.5%

Pension increases are paid in January, based on the preceding September RPI.

Yorkshire members

Year	Increase to Pension earned to 5 April 1997	Increase to Pension Earned from 6 April 1997 to 31 March 2006	Increase to Pension Earned after 31 March 2006
2025	3.5%	3.5%	2.5%
2024	5.0%	5.0%	2.5%
2023	5.0%	5.0%	2.5%

Pension increases are paid in April, based on the preceding December RPI.

It is normal practice to review pensions in payment and deferment each year with a view to increasing pensions.

Deferred pensions were revalued during the year by the level determined by statutory and Scheme requirements.

Up to 1 January 2015, Clydesdale members who were not former members of the National Australia Bank (NAB) Plan historically received discretionary pension increases in deferment in line with the increases that were applied to pensions in payment. These increases underpin the statutory deferred revaluation requirements.

Calculation of Transfer Values

All transfer values paid during the year were calculated and verified in accordance with regulations made under the Pension Schemes Act 1993.

Transfer value calculations for Clydesdale members (who left the employment of the bank before 1 January 2015 and were not former members of the NAB Plan) make allowance for these historical discretionary increases and in line with the Bank's stated intention, assume that all pension increases in deferment from 1 January 2015 will be statutory.

Following the completion of the GMP Equalisation exercise and the updating of members' records, allowance is automatically made in the Scheme's current transfer value basis to recognise the requirements of the Lloyds GMP case.

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Trustee's Report (continued)

Scheme Management (continued)

Taxation Status

The Scheme is a Registered Pension Scheme under the provisions of Schedule 36 of the Finance Act 2004. Accordingly, under the provisions of sections 186 and 187 of the Finance Act 2004 its income and investment gains are free of taxation. However, income from a trading activity is not investment income and so will be assessed to tax in the normal way.

Contributions

A new Schedule of Contributions was certified on 28 September 2023 following the 30 September 2022 triennial actuarial valuation of the Scheme. As the Scheme was in a surplus position, no deficit repair additional contributions were required to be paid. The Schedule of Contributions requires an annual employer contribution in respect of future accrual of benefits, expenses and insurance premiums, and the amount of £6.1m, of which £0.1m relates to ongoing accrual and £6.0m relates to expenses, due on 1 October 2024, was paid on 9 October 2024. This payment was made in line with the new Schedule of Contributions which requires payment within 19 days after each 1 October.

Summary of contributions

During the year ended 30 September 2025, the contributions payable to the Scheme were as follows:

	£'000
Employer normal contributions*	**100**
Insurance premiums, expenses and PPF levies	**6,000**
Employee normal contributions	**41**
Total contributions payable under the Schedule of Contributions	**6,141**
Total contributions per note 4 of the financial statements	**6,141**

* Included within the Employer normal contributions are Employee salary sacrifice contributions of £0.01m.

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Trustee's Report (continued)

Investment Matters

Overview

The Trustee, with the assistance of its appointed investment adviser, determines the overall investment strategy for the Scheme and sets out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Scheme's investments during the year are listed on pages 3-5. The Trustee has delegated the day-to-day management of investment to its appointed fund managers. A written agreement between the Trustee and each manager sets out the terms on which the manager will act.

The Trustee appoints a number of different managers and mandates to implement its investment policies. The Trustee ensures that, in aggregate, its portfolio is consistent with the policies set out in the Statement of Investment Principles (SIP), in particular those required under regulation 2(3)(b) of the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee also ensures that the investment objectives and guidelines of any particular pooled vehicle are consistent with its policies, where relevant to the mandate in question. Where segregated mandates are used, the Trustee uses its discretion, where appropriate, to set explicit guidelines within the Investment Management Agreement to ensure consistency with the Trustee's policies, where relevant to the mandate.

To maintain alignment between management of the Scheme's assets and the Trustee's own policies and objectives, each manager's Investment Management Agreement or Fund documents are reviewed to ensure consistency with the most recent version of the Scheme's Statement of Investment Principles and Sustainable Investment Policy. The investment managers are asked to set out their approach to sustainable investment, including voting and engagement.

The Trustee is not involved in the investment managers' day-to-day methods of operation and does not seek to influence attainment of their performance targets. The Trustee maintains processes to ensure that performance is assessed on a regular basis. The Trustee also periodically reviews the suitability of the Scheme's mandates in the context of the Scheme's wider investment strategy, including considering whether the balance between different kinds of investments remains appropriate, the expected return on the investments, the risks to which the Scheme is exposed and manager remuneration and fees. As part of this process, the Trustee has delegated the detailed monitoring of the Scheme's investment managers to the ISC and its investment adviser.

The Trustee considers portfolio turnover when appointing investment managers and monitors the extent to which managers' portfolio turnover levels align to Trustee expectations on an annual basis. Where turnover is not deemed to be aligned with expectations, the Trustee will engage with the manager to better understand why and to ensure the managers are managing assets in a way which is appropriate within the context of their mandate.

Managers are paid an ad valorem fee, in line with normal market practice, for a given scope of services which includes consideration of long-term factors and engagement.

It is the Trustee's view that fees linked to investment performance increase complexity and in most cases do not materially improve alignment with the Trustee's long-term objectives. Such fee structures are therefore only used in a limited number of cases.

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Trustee's Report (continued)

Investment Matters (continued)

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustee has prepared a Statement of Investment Principles (SIP) which includes the Trustee's policy relating to environmental, social and governance issues and the exercise of the rights attaching to investments. This document is published online. This Statement may change from time to time as the Trustee decides to alter its policy.

The Trustee considers sustainable investment factors, such as (but not limited to) those arising from Environmental, Social and Governance (ESG) considerations, including climate change, in the context of this broader risk management framework.

The Trustee takes account of all financially material risks and opportunities in consultation with its advisers. All risks and opportunities are considered for materiality and impact within an integrated risk management framework, which takes account of the Scheme's journey plan and funding time horizon. The Trustee's time horizon reflects the time horizon of the Sponsor's business and the Scheme's maturing liability profile.

The Trustee's policy is that the implementation of the mandate and day-to-day decisions (relating to the investment of the Scheme assets, including the consideration of ESG issues and their impact on the portfolio) are left to the discretion of its investment managers. The Trustee, with advice from its investment adviser, monitors these issues with its managers to understand how they exercise these duties in practice.

The Trustee's policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Trustee recognised the UK Stewardship Code 2020 as best practice and encourages its investment managers to comply with the Code or explain where they do not adhere to this policy.

When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment adviser, looks to take account of the approach taken by investment managers with respect to sustainable investing. This includes considering voting policies and engagement on relevant matters (i.e. the capital structure of investee companies, actual and potential conflicts of interest and other stakeholders), as well as how managers take account of ESG-related risks in their management of the Scheme's assets, and the consistency of this approach with the Trustee's own beliefs.

Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, taking into consideration costs, risks and fiduciary duties, the contract with the manager will be terminated, and the manager replaced.

For most of the Scheme's investments, the Trustee expects the investment managers to invest with a long-term horizon, and to use their engagement activity to drive improved performance over this period.

The Trustee appoints its investment managers with an expectation of a long-term relationship and engagement, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short-term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as significant change in business structure or the investment team.

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Trustee's Report (continued)

Investment Matters (continued)

Departures from investment principles

To the best of its knowledge, the Trustee can report that there has not been any departure from the SIP by the Scheme's investment managers during the year ended 30 September 2025. Further details, together with a description of the Scheme's voting behaviour, is shown in an Implementation Statement at the back of this report.

Custodial arrangement

All segregated investments in the Yorkshire and Clydesdale Bank Pension Scheme, with the exception of directly held property, are held by Northern Trust, the custodian appointed by the Trustee. For the directly held properties within the Scheme, the Scheme's property Solicitor (Pinsent Masons) holds the title deeds, and all the properties have registered title at the Land Registry. The underlying assets of pooled investment vehicles are held by the Investment Managers' appointed custodians.

Employer-related investments

As at 30 September 2025, the Scheme had employer-related investments within the meaning of section 40 (2) of the Pensions Act 1995, totaling £1.2 million. Details of these investments have been provided on page 54 of this report.

Longevity swap

On 6 April 2023, the Scheme entered into a longevity swap transaction with Pacific Life Re International Limited (the Reinsurer) and Zurich Assurance Limited (the Insurer) to manage longevity risk in relation to pensioner liabilities which were valued at c.£1.6bn as at that date. The arrangement provides long-term protection to the Scheme against costs resulting from pensioners, or their dependants, living longer than expected, enhancing security for members, and reducing risk for the Scheme. The fair value of the hedge instrument at 30 September 2025 was minus £19.0m.

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Trustee's Report (continued)

Investment Matters (continued)

Asset allocation and performance

	Market Value (£m)	Market value total (%)
LGIM LDI Portfolio+	916.3	
Cash/other collateral / longevity swap	9.2	
Liability Driven Investment, cash and other balances	**925.5**	**36.4**
LGIM Buy & Maintain Portfolio	572.5	
Aberdeen Buy & Maintain Bonds	553.2	
Buy and Maintain Credit	**1,125.7**	**44.2**
CBREGI property*	33.3	
BlackRock Global Renewable Infrastructure Fund III*	56.2	
LGIM LPI Property Fund*	50.3	
PGIM Real Estate UK Ground Lease Fund*	46.3	
KFIM Long Income Property Unit Trust*	168.3	
Alpha Real Wind Renewables Income Fund*	54.9	
Greencoat Solar II Fund*	84.0	
Illiquids	**493.3**	**19.4**
Total Scheme	**2,544.5**	**100**

Source: Northern Trust

AVC investments of £3.0m are excluded from the above table.

Values may not sum due to rounding. The values used in the table above include cash in each of the mandates and as a result may be higher than the values disclosed elsewhere in the notes to the accounts.

* These funds are disclosed within pooled investment vehicles in the notes to the accounts (for the CBREGI property holdings £18.4m is related to pooled funds with the remainder held directly in the Trustee's name).

\+ This investment is disclosed within fixed interest and index linked securities, derivatives, repurchase agreements, reverse repurchase agreements and cash within the notes to the accounts.

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Trustee's Report (continued)

Investment Matters (continued)

Asset allocation and performance

The performance of the Scheme's assets is measured against performance of a proxy for the Scheme's liabilities, which reflects the interest rate and inflation sensitivities of the Scheme's liabilities. These are set out in the table below to 30 September 2025:

	12 months (%)	3 years (%)	5 years (%)
Total Scheme assets	**-6.2**	**-3.1**	**-8.0**
Liabilities	**-6.8**	**-4.2**	**-10.6**

The Trustee has agreed performance objectives, but not benchmarks, with managers. The total return of the Scheme's assets has therefore been compared to a gilts-based liability comparator (i.e. the movement in the Scheme's liabilities), which is aligned with the Trustee's current return objective and approach to risk management. Performance was calculated by the Scheme's Global Custodian soon after the year end. As the valuation of certain funds was not then available, these funds' previous quarter ended valuations were used.

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Trustee's Report (continued)

Investment Matters (continued)

Market Review – 12 months ending 30 September 2025

Summary

The Bank of England (BoE) implemented a series of base rate adjustments throughout the 12 months to September 2025:

- In November 2024, a decrease of 0.25% brought the base rate down to 4.75%.
- A further decrease of 0.25% was implemented in February 2025 due to concerns over weaker economic growth, setting the base rate at 4.50% and maintained steady for the rest of the first quarter of the year.
- Maintaining its cautious approach, the BoE enacted an additional 0.25% cut in May 2025, bringing the base rate to 4.25%. This was then held steady in June, aiming to balance economic support with inflationary pressures.
- In August 2025, the base rate was cut again to 4.00%, reflecting continued caution amid rising service prices and continued uncertainty around fiscal plans.

Over the third quarter of 2025, the US Federal Reserve cut its federal fund rates by 25 basis points to a new range of 4.00%-4.25%, signalling a cautious yet supportive stance amid evidence of labour market cooling and steady inflation.

UK inflation rate, as measured by the CPI, was 3.8% in the 12 months to September 2025.

Over the 12 months to 30 September 2025, sterling has appreciated against the US Dollar and the Yen by 0.4% and 3.6%, respectively, but depreciated against the Euro by 4.7%.

Bond markets

UK government bond yields (which move inversely to bond price) increased over the 12 months to 30 September 2025. Long maturity UK gilts have returned -9.0% over the period (as measured by FTSE-A Gilts Over 15 Years Index) and UK gilts all stocks returned -1.3%.

Similarly, inflation-linked gilt yields increased over the 12-month period. Long maturity UK index-linked gilts returned -15.9% (as measured by FTSE-A Index-Linked Gilts Over 15 Years Index) and UK index-linked gilts all stocks returned -7.8%.

Alternative investment markets

Commercial UK property (as measured by the IPD Monthly Index) has returned 8.1% over the 12 months to 30 September 2025.

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Trustee's Report (continued)

Investment Matters (continued)

Investment Strategy

The present value of the Scheme's liabilities is sensitive to changes in interest rates and inflation expectations. In line with the Trustee's decision to match liabilities more closely, the Scheme uses exposure to gilts (including gilts acquired using repurchase agreements), interest-rate derivatives and inflation derivatives to mitigate the risk that changes in interest-rate and inflation expectations could worsen the funding position. These investments are referred to collectively as "Liability-Driven Investment" (LDI). The sensitivity of the Scheme's assets to changes in interest rates (inflation) expectations, as a percentage of the sensitivity of the liabilities, is known as the interest rate (inflation) hedge ratio. Higher hedge ratios mean that more risk has been removed. The target hedge ratios at 30 September 2025 were around 93% for interest rate exposure and 93% for inflation exposure, as a percentage of the liability proxy (which is discounted on gilts + 0.90% and scaled to the Scheme's estimated solvency liability value). These target hedge ratios are based on exposures from the Scheme's LDI portfolio, UK Corporate Bond Funds and the Scheme's Secure Income Assets.

The Scheme's primary objective is being fully funded on a Low Dependency basis (Gilts +0.25%). The portfolio is made up of three main components: LDI, Buy and Maintain credit and Illiquids. The expectation is that the LDI and Buy and Maintain credit assets will be held longer term, with the Illiquids portfolio reduced over time.

As at 30 September 2025, the Trustee had a remaining commitment to BlackRock's Global Renewable Power Fund III of $18.3m (£13.6m) out of a total of $130m (£96.6m). During the year there were drawdowns of $5.7m (£4.5m) by BlackRock (net of a return of drawn-down capital during the year; this capital is recallable).

Redemptions

Over the year the Scheme made a number of disinvestments, as follows:

- Ongoing partial disinvestments from the LGIM LDI mandate in order to meet the Scheme's cash outflows (including commitments to new funds, pension payments to members and transfers out from the Scheme). Such disinvestments and inflows did not impact the interest rate or inflation rate hedge ratios.
- A partial disinvestment from the LGIM LPI mandate of £23.6m was received in July 2025.
- Two partial disinvestments from the KFIM mandate were placed (as at 31 December 2024 and 31 March 2025), with the proceeds currently expected to be paid in 2026.
- The CBRE segregated portfolio continued to distribute funds as part of the overall wind-down of the holding (expected to be completed in 2026) and the pooled UK property fund was also placed into wind-down (the timing of any disinvestment proceeds is still to be confirmed).

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Trustee's Report (continued)

Investment Matters (continued)

Investment performance

The total Scheme absolute returns achieved by the Scheme for each 12-month period since 2021 can be seen below:

Year to September	Absolute return* (%)
2021	-0.2
2022	-27.6
2023	-8.4
2024	5.8
2025	-6.2

* Absolute Return represents the change in the value of the investments adjusted for cashflows over that period, expressed as a percentage of its initial market value. The return was calculated by the Scheme's Global Custodian soon after the year end. As the valuation of certain funds was not yet available, these funds' previous quarter ended valuations were used.

The Trustee regularly monitors the returns of the assets relative to changes in the Scheme's liabilities. A full Actuarial Valuation of the Scheme was carried out as at 30 September 2022, reviewing both the funding principles and the liabilities of the Scheme, allowing for up-to-date membership information. Annual actuarial reports as at 30 September 2023 and 30 September 2024 have also been prepared. The next full valuation will be completed as at 30 September 2025.

LGIM have discretion, within the LDI portfolio, to use swaps to manage the Scheme's interest rate and inflation risk. In order to mitigate the counterparty risk and to optimise the risk/return profile of the assets held in the portfolio. The Scheme's interest and inflation swap exposures are all centrally cleared.

Investment risk disclosures

Investment risks are disclosed in note 23 on pages 50 to 53.

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Trustee's Report (continued)

Compliance Matters

The purpose of the following paragraphs are to provide information, which is required to be disclosed in accordance with Schedule 3 of The Occupational Pension and Personal Schemes (Disclosure of Information) Regulations 2013 or voluntarily by the Trustee. The information deals with matters of administrative routine.

Transfer Values

Transfer values are calculated and verified as required under the provisions of the Pension Schemes Act 1993.

Taxation

The Scheme is a Registered Pension Scheme under Chapter 2 of part 4 of the Finance Act 2004.

Related Party Transactions

Whilst all costs associated with the administration and investment management of the Scheme are borne directly by the Scheme, the Principal Employer paid £6.0m as an annual administration contribution. The employer also paid an additional £0.08m to the Scheme in respect of the PPF levy invoices paid during the Scheme year.

Further details of related party transactions are given in note 27 to the financial statements.

Pension Tracing

A pension tracing service is available from the Department for Work and Pensions. The Pension Tracing Service can be contacted at The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU.

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 to the Trustee of the YCB Pension Scheme, The Team at Virgin Money, Sunderland SR43 4JB.

MoneyHelper

MoneyHelper (formerly The Money and Pensions Service (MaPs)) was created in 2019 as a single body providing information to the public on matters relating to workplace and personal pensions.

Website: https://www.moneyhelper.org.uk/en

Email: pensions.enquiries@moneyhelper.org.uk

Telephone: 0800 011 3797

Pensions Ombudsman

The Pensions Ombudsman will assist members and beneficiaries of the Scheme in connection with difficulties which they have failed to resolve with the Trustee or Administrator of the Scheme and may investigate and determine any complaint or dispute of fact or law in relation to an occupational pension scheme.

The Pensions Ombudsman may be contacted at 1st Floor, 10 South Colonnade, Canary Wharf, London E14 4PU.

Telephone: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk

Pensions Regulator

The Pensions Regulator is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

The Pensions Regulator may be contacted at: Telecom House, 125-135 Preston Road, Brighton, BN1 6AF.

Telephone: 0345 600 2475

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Trustee's Report (continued)

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK 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 the Scheme 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 Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, 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 judgements on a prudent and reasonable basis, and for the preparation 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 it 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 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 and the active members of the Scheme and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records, in respect of contributions received in respect of any active member of the Scheme, and 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 occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the members.

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Trustee's Report (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:

YCB Pensions Administration
Capita Pension Solutions Limited
PO Box 555
Stead House
Darlington
DL1 9YT

Telephone: 0800 093 0176

Members of the scheme are able to contact the administrator using the online portal found at:

https://portal.hartlinkonline.co.uk/ycbps

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Trustee's Report (continued)

Report of Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme 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 members are entitled to, based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustee and the Employer 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 30 September 2022 (the valuation as at 30 September 2025 is currently underway). The annual update was carried out as at 30 September 2024. This showed that on those dates:

	2024	2022
The value of the Technical Provisions was:	£2,575 million	£2,962 million
The value of the assets was:	£2,836 million	£3,218 million

The method and significant actuarial assumptions used to determine the technical provisions were as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles):

Method

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Significant actuarial assumptions

Discount rate: a term-dependent approach, using the gilt curve plus a margin of 1.1% per annum reducing linearly to 0.25% pa from 2032 onwards, applied based on the duration of each cashflow.

Future Retail Price Index (RPI) inflation: weighted average term related assumption derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price index (CPI) inflation: derived from the assumption for future retail price inflation less an adjustment equal to 0.85% per annum until 2030 and 0% per annum thereafter to reflect differences between the RPI and CPI indices.

Pension increases: derived from future retail price inflation allowing for the caps and floors on pension increases according to the provisions in the Scheme's rules.

Mortality: for the period in retirement, standard tables SAPS S3 normal health middle tables, with a scaling factor of 90.5% for male members and 96.5% for female members. Future improvements are in line with the CMI Core Projections Model (2022), with long-term improvements of 1.5% per year, the core smoothing parameter of 7.0 and an initial addition parameter of 0.5% per year and the core weights for data for individual years.

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Trustee's Report (continued)

Approval of the Trustee's Report

The Trustee's Report was approved by the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme in April 2026 and is signed on its behalf by:

Inder Dhingra ..... **Date:** 13-04-26 | 15:47 BST .....

Trustee Director

John Hurst ..... **Date:** 13-04-26 | 16:03 BST .....

Trustee Director

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Actuarial Certificate of Schedule of Contributions dated 28 September 2023

Yorkshire and Clydesdale Bank Pension Scheme

Adequacy of rates of contributions

1. I hereby 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 30 September 2022 to continue to be met during the period of this Schedule.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 12 September 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 wound up.

Nicola MacKay
Fellow of the Institute and Faculty of Actuaries

Towers Watson Limited
1st Floor
2 Semple Street
Edinburgh EH3 8BL
UK

Date
28 September 2023

Authorised and regulated by the Financial Conduct Authority

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Schedule of Contributions

Schedule of Contributions dated 28 September 2023

This schedule of contributions has been prepared by the Yorkshire and Clydesdale Bank Pension Trustee Limited (the "Trustee"), the trustee of the Yorkshire and Clydesdale Bank Pension Scheme (the "Scheme") after obtaining the advice of the Scheme Actuary, Nicola MacKay FIA. The Trustee has discussed and agreed this schedule with the Principal Employer, Clydesdale Bank PLC (the "Bank").

This schedule has been prepared following the 30 September 2022 actuarial valuation of the Scheme and is dated 12 September 2023. This date applies for reference purposes only and the schedule becomes effective from the date of its actuarial certification. The schedule specifies the amounts and due dates of the Bank and member contributions to the Scheme for the five-year period commencing from the date of actuarial certification of this schedule.

1. Employer contributions

The Bank shall contribute at least the following rates to the Scheme:

In respect of future accrual of benefits and expenses and insurance premiums:

- 50.2% of pensionable salaries for those members who remain active within the Scheme and elect an accrual rate of 1/60th * (less estimated member contributions for non-salary sacrifice members), plus
- 38.3% of pensionable salaries for those members who remain active within the Scheme and elect an accrual rate of 1/80th * (less estimated member contributions for non-salary sacrifice members),
- £6.0 million per annum to provide for expenses and insurance premiums for active members.

These contributions are to be paid annually no later than 19 days after each 1 October and will be determined based on the Scheme's pensionable salary roll (where relevant) at the preceding 30 June.

** Note that this amount includes notional member contributions in respect of members who elect for Scheme membership via the SMART salary sacrifice arrangement.*

PPF levy

The Bank will also pay a contribution each year in respect of the amount invoiced for the PPF levy for the Scheme.

Additional contributions

The Bank may elect to make further payments as agreed from time to time.

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Schedules of Contributions (continued)

Schedule of Contributions dated 28 September 2023 (continued)

2. Employee contributions

Employees who remain active within the Scheme shall contribute during the period covered by the Schedule at the rates set out in the Rules.

Employee contributions will normally be paid to the Scheme monthly no later than 19 days after the end of the calendar month to which they relate.

This Schedule of Contributions may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Schedule of Contributions.

Signed and dated on behalf of Yorkshire and Clydesdale Bank Pension Trustee Limited

Name [redacted] Inder Dhingra

Position Trustee Director

Date 26-09-23 | 17:41 BST

Signed and dated on behalf of Clydesdale Bank PLC

Name [redacted] Justin Fox

Position Treasurer

Date 26-09-23 | 12:48 BST

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Docusign Envelope ID: 8F178723-F37C-4FEE-A838-56EB3C917BB5

Independent Auditor's Report to the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme

Opinion

We have audited the financial statements of the Yorkshire and Clydesdale Bank Pension Scheme for the year ended 30 September 2025 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 29 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 FRS 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:

- give a true and fair view of the financial transactions of the Scheme during the year ended 30 September 2025, 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 1996, made under the Pensions Act 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

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 12 months from when the Scheme's financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustee with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee, as to the Scheme's ability to continue as a going concern.

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Independent Auditor's Report to the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's Statement about Contributions. 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 this 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 course of 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 this gives rise to 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's Responsibilities Statement set out on page 25 the Trustee is responsible for the preparation of the 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 to cease operations, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with the Trustee.

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Independent Auditor's Report to the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme (continued)

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Scheme and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.
- We understood how the Scheme is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Scheme's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Scheme has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. Where this risk was considered to be higher, we performed audit procedures to address each identified fraud risk. In our assessment, we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of, Trustee's minutes.
- The Scheme is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team including the use of specialists where appropriate, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Scheme with these regulations as part of our audit procedures.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: https://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 Pensions Act 1995 and Regulations made thereunder. 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.

Signed by:
Ernst & Young LLP
A48E8652B0D2420...

Ernst & Young LLP
Statutory Auditor
Manchester

13 April 2026

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Independent Auditor's Statement about Contributions to the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme

We have examined the summary of contributions to the Yorkshire and Clydesdale Bank Pension Scheme for the Scheme year ended 30 September 2025 which is set out in the Trustee's Report on page 15.

In our opinion, contributions for the Scheme year ended 30 September 2025, 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 28 September 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 on page 15 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 Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Scheme's 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 Scheme's 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 1996, made under the Pensions Act 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 statement 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 work, for this Statement, or the opinions we have formed.

Signed by:
Ernst & Young LLP
A48E8652B0D2420...

Ernst & Young LLP
Statutory Auditor
Manchester
Date:
13 April 2026

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Fund Account for the year ended 30 September 2025

		2025 £'000	2024 £'000
Contributions and benefits			
Employer contributions		**6,100**	6,146
Employee contributions		**41**	41
Total contributions	4	**6,141**	6,187
Other income	5	**-**	685
		6,141	6,872
Benefits paid or payable	6	**(125,155)**	(120,550)
Payment to and on account of leavers	7	**(2,387)**	(3,076)
Administration expenses	8	**(4,848)**	(5,767)
		(132,390)	(129,393)
Net withdrawals from dealings with Members		**(126,249)**	(122,521)
Returns on investments			
Investment income	9	**117,907**	119,914
Interest payable on repurchase agreements	10	**(24,733)**	(21,595)
Change in market value of investments	11	**(241,228)**	65,709
Investment management expenses	16	**(8,437)**	(9,726)
Net returns on investments		**(156,491)**	154,302
Net increase/(decrease) in the fund during the year		**(282,740)**	31,781
Net assets of the Scheme at 1 October		**2,839,264**	2,807,483
Net assets of the Scheme at 30 September		**2,556,524**	2,839,264

The accompanying notes on pages 38 to 55 are an integral part of these financial statements.

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Statement of Net Assets available for Benefits

As at 30 September 2025

	Note	2025 £'000	2024 £'000
Investment assets:			
Bonds	11	**2,535,275**	2,691,850
Pooled investment vehicles	17	**478,313**	569,932
Derivatives	18	**41,084**	45,245
Property	20	**5,250**	40,125
AVC investments	21	**3,084**	3,303
Cash deposits	11	**107,440**	132,990
Other investment balances	12	**50,642**	29,485
Amounts receivable on reverse repurchase agreements	13	**90,144**	78,313
		3,311,232	3,591,243
Investment liabilities:			
Derivatives	18	**(36,942)**	(29,955)
Longevity swap	19	**(19,000)**	(26,500)
Other investment balances	12	**(103,878)**	(88,611)
Amounts payable on repurchase agreements	13	**(603,799)**	(616,328)
		(763,619)	(761,394)
Total net investments		**2,547,613**	2,829,849
Current assets	24	**20,133**	15,889
Current liabilities	25	**(11,222)**	(6,474)
Net assets of the Scheme as at 30 September		**2,556,524**	2,839,264

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 account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations, is dealt with in the Report of Actuarial Liabilities on page 27 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 38 to 55 form an integral part of these financial statements.

These financial statements were approved by the Trustee on:

Director: Inder Dhingra
Date: 13-04-26 | 15:47 BST

Director: John Hurst
Date: 13-04-26 | 16:03 BST

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Notes to the Financial Statements

1. Basis of preparation

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 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (the SORP).

2. Identification of the financial statements

The Scheme is established as a Trust under English Law. The Registered address of the Scheme is 177 Bothwell Street, Glasgow G2 7ER.

3. Accounting policies

The principal accounting policies of the Scheme, which have been consistently applied, are as follows:

Presentation currency

The Scheme functional and presentation currency is pounds 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.

Contributions

Employee contributions, including AVCs, are accounted for by the Trustee on an accruals basis in accordance with the Schedule of Contributions under which they are paid.

Employer normal contributions that are expressed as a rate of salary are accounted for on the same basis as the employees' contributions, in accordance with the Schedule of Contributions under which they are paid.

Additional contributions are accounted for on the due dates on which they are payable or when received in accordance with the Schedule of Contributions under which they are paid.

Contributions to provide for insurance premiums, expenses and PPF levies are accounted for on the due dates on which they are payable in accordance with the Schedule of Contributions under which they are paid.

Payments to members

Benefits are accounted for on the later of the date on which the member notifies the Trustee of his decision on the type or amount of benefit to be taken, and the date of retiring or leaving. If there is no member choice, benefits are accounted for on the date of retiring, leaving or notification of death.

Pensions in payment are accounted for in the period to which they relate.

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

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when the annual allowance is exceeded) with a consequent reduction in that member's benefits receivable from the Scheme, this is shown separately within benefits.

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Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Expenses, Investment Manager expenses and other payments

Expenses are accounted for on an accruals basis.

Investment income

Income from cash and short-term deposits is accounted for on an accruals basis.

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Rental income is accounted for in accordance with the terms of the lease.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Other income is accounted for on an accruals basis.

Investments

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.

Investments are included at fair value as described below:

Fixed interest and index-linked securities are stated at their clean prices. Accrued interest is excluded from the market value of fixed income securities and is included in other investment balances.

Investment properties have been valued in accordance with the Royal Institution of Chartered Surveyors' Valuation - Global Standards effective from 31 January 2022, the Insurance Companies (Valuation of Assets) Regulations 1981, the Financial Conduct Authority (FCA) "Listing Rules" ("Source Book") and "City Code on Takeovers and Mergers" ("Blue Book").

The valuations have been carried out at 30 September 2025 by Avison Young, Chartered Surveyors, who have recent experience in the locations and class of the investment properties held by the Scheme.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

The market values of the additional voluntary contribution (AVC) investments are included in the net assets of the Scheme as calculated by the AVC providers providing the policies and accepted by the Trustee. The AVCs are invested in a mix of with-profit policies, deposit funds, and unit-linked funds.

Over the counter (OTC) derivatives are valued using the following valuation techniques:

Swaps – current value of future cash flows arising from the swap determined using discounted cash flow models and market data at the reporting date.

Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering an equal and opposite contract at that date.

Exchange traded futures are valued as the sum of the daily mark-to-market movement in value, which is a calculated difference between the settlement prices at the reporting date and the inception date.

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Notes to the Financial Statements (continued)

3. Accounting policies (continued)

Other Investment Arrangements

Collateral received in the form of cash, where the Scheme has contractual rights to receive the cash flows generated, is recognised as an asset in the net asset statement with a corresponding liability for its repayment. Non-cash collateral received is not recognised in the net asset statement unless the counterparty defaults on its obligations under the relevant agreement.

Securities delivered under repurchase agreements are recognised as assets of the Scheme.

Cash received from repurchase contracts is recognised as an investment asset and an investment liability is recognised for the amount of the repurchase obligations.

The cash delivered under the reverse repurchase agreement is recognised as a receivable. Securities received under reverse repurchase agreements are not recognised as assets of the Scheme and are disclosed as collateral supporting this receivable, unless sold. The obligation to buy back the securities sold is recognised as a liability.

Longevity Swap

The fair value of the longevity swap contract is based on expected future cash flows arising under the swap, including fees, discounted using market interest rates taking into account the risk premium inherent in the contracts.

The scheme receives 100% of the insured pensions payable in respect of pensioners covered in the swap (the floating leg), and in return the scheme pays regular premiums to Pacific Life Re reflecting the future pensions that were expected to be made to the pensioners covered in the swap, based on pre-agreed assumptions (the fixed leg). In practice a net payment will be exchanged between the scheme and Pacific Life Re. In addition, fees are payable to the insurer and reinsurer.

At inception, the values of the fixed leg and fees payable will be equal and opposite to the value of the floating leg of the longevity hedge and thus have a nil value. Over time, the contract value will change because the "fixed" premiums and "floating" benefits will diverge as the longevity experience in respect of the hedged population is revealed. Under the Framework Agreement, the first Annual Adjustment Date was 30 June 2024.

Taxation

The Scheme is a Registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

Critical accounting judgements and estimation uncertainty

The Trustee makes estimates and assumptions concerning the future. The resulting accounting estimates will seldom be the same as the actual results due to uncertainty and estimation. The Trustee believes the only estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year relate to the valuation of the Scheme's investments and, in particular, those investments classified as level 3 in the fair value hierarchy shown on page 49. The key assumptions which support the valuation of investments are included above and within notes 18 and 19 on pages 45 to 48.

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Notes to the Financial Statements (continued)

4. Contributions

	2025 £'000	2024 £'000
Employer contributions		
Normal	**100**	100
Insurance premiums, expenses and PPF levies	**6,000**	6,046
	6,100	6,146
Employee contributions		
Normal	**41**	41
	41	41
	6,141	6,187

Employer normal contributions include £0.01m in respect of members contributing by salary sacrifice (2024: £0.01m).

In line with the Schedule of Contributions, the Employer paid £6.0m to cover expenses and insurance premiums during the year. The additional £0.05m in the prior year was in respect of the PPF levy invoices paid during the Scheme year.

The Schedule of Contributions certified on 28 September 2023 notes that no additional contributions are currently payable, and the Bank may elect to make further payments as agreed from time to time.

The Scheme closed to future accrual for the majority of active membership on 31 July 2017.

5. Other income

	2025 £'000	2024 £'000
Compensation	**-**	685
	-	685

The compensation in the prior year relates to overpayments made in respect of transfer values by the administrator.

6. Benefits paid or payable

	2025 £'000	2024 £'000
Pensions	**106,685**	102,218
Commutations of pensions and lump sum retirement benefits	**18,461**	18,168
Death benefits	**9**	164
	125,155	120,550

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Notes to the Financial Statements (continued)

7. Payments to and on account of leavers

	2025 £'000	2024 £'000
Individual transfers out to other schemes	**2,387**	3,076

8. Administration expenses

	2025 £'000	2024 £'000
Administration and processing	**3,225**	3,397
Actuarial and consultancy fees	**1,054**	1,382
Audit fees	**113**	144
Legal fees	**313**	682
The Pension Regulator levies	**114**	154
Other fees and expenses	**29**	8
	4,848	5,767

The scheme bears all cost of administration and as detailed in Note 4, the employer pays a contribution of £6.0m in respect of expenses and insurance premiums.

9. Investment income

	2025 £'000	2024 £'000
Net rents from properties	**2,631**	2,511
Income from pooled investment vehicles	**26,555**	31,126
Interest on cash deposits	**5,835**	8,006
Income from bonds	**82,886**	78,271
	117,907	119,914

10. Interest payable on repurchase agreements

	2025 £'000	2024 £'000
Interest payable on repurchase agreements	**(28,023)**	(24,912)
Interest receivable on reverse repurchase agreements	**3,290**	3,317
	(24,733)	(21,595)

The Scheme incurs interest at money market rates payable on monies advanced to it under repurchase agreement contracts and receives interest at money market rates receivable on monies paid by it under reverse repurchase agreement contracts. These advances are secured on the Scheme's existing bond portfolio.

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Notes to the Financial Statements (continued)

11. Investments held at the beginning and end of the year

	Value at 1 October 2024 £'000	Purchases at cost & derivative payments £'000	Sales proceeds & derivative receipts £'000	Change in market value £'000	Value at 30 September 2025 £'000
Bonds	2,691,850	**574,929**	**(500,557)**	**(230,947)**	**2,535,275**
Pooled investment vehicles	569,932	**27,034**	**(77,934)**	**(40,719)**	**478,313**
Property	40,125	**-**	**(39,579)**	**4,704**	**5,250**
Longevity swap	(26,500)	**-**	**-**	**7,500**	**(19,000)**
Derivatives	15,290	**220,786**	**(276,410)**	**44,476**	**4,142**
AVC investments	3,303	**-**	**(479)**	**260**	**3,084**
	3,294,000	**822,749**	**(894,959)**	**(214,726)**	**3,007,064**
Cash and cash equivalents	132,990			**1,156**	**107,440**
Repurchase and Reverse repurchase agreements	(538,015)			**-**	**(513,655)**
Other investment balances	(59,126)			**(27,658)**	**(53,236)**
	2,829,849			**(241,228)**	**2,547,613**

12. Other investment balances

	2025 £'000	2024 £'000
Accrued income	**26,632**	26,574
Pending trade sales	**17,934**	2,911
Amounts due from brokers	**6,076**	-
Other investment assets	**50,642**	29,485
Pending trade purchases	**(9,920)**	(4,632)
Amounts due to brokers	**(15,165)**	(5,547)
Bonds	**(78,793)**	(78,432)
Other investment liabilities	**(103,878)**	(88,611)
Net other investment balances	**(53,236)**	(59,126)

At 30 September 2025, £6.1m (2024: nil) is due from brokers in respect of the cash collateral in respect of open future contracts.

At 30 September 2025, the negative value of bonds of £78.8m (2024 - £78.4m) represents an obligation to buy back bonds received as collateral assets under reverse repurchase agreements that were subsequently sold by the Scheme. The obligation thus exposes the Scheme to changes in value of these collateral assets for the duration of the repurchase agreement.

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Notes to the Financial Statements (continued)

12. Other investment balances (continued)

At 30 September 2025, cash variation margin of £11.4m (2024: £5.4m) had been received relating to the increase in value of centrally cleared swaps and £nil (2024: £0.1m) in respect of open future contracts. On the sale of these swaps and futures, the sale proceeds would exclude the variation margin previously received. Hence, £11.4m is shown within amounts due to brokers (2024: £5.5m). Also included in amounts due to brokers is £3.8m (2024: nil) relating to the obligation to return cash collateral in respect of the longevity swap.

13. Repurchase Agreements

	2025 £'000	2024 £'000
Amounts receivable under reverse repurchase agreements	**90,144**	78,313
Amounts payable under repurchase agreements	**(603,799)**	(616,328)
Net repurchase agreements	**(513,655)**	(538,015)

The Scheme uses gilt repurchase agreements ('repo') and reverse repurchase agreements ('reverse repo') as part of the management of its LDI portfolio. These can allow the Scheme to maintain its target level of interest rate and inflation hedging on better terms than via derivative instruments.

Repurchase agreements – Against amounts payable by the Scheme of £604m (this includes accrued interest of £12m) (2024: £616m), the Scheme had delivered bonds which had a value at 30 September 2025 of £577m (2024: £610m). These are included within 'bonds' in note 11.

Reverse repurchase agreements – Against amounts due to the Scheme of £90m (2024: £78m), the Scheme had received pledged bonds with a value at 30 September 2025 of £90m (2024: £78m). Of the bonds received, bonds with a value at 30 September 2025 of £78.8m (2024: £78m) had been sold. The liability to buy these back in order to return them under the reverse repurchase agreement is included in note 12.

Collateral is payable/deliverable as the value of bonds changes under both repurchase and reverse repurchase agreements. As at 30 September 2025, the Scheme held collateral valued at £0.2m (2024: £0.5m) which had been received from repo counterparties.

Collateral valued at £29.3m (2024: £11.2m) was pledged as at 30 September 2025 for repo agreements.

14. Concentration of investments

The Scheme's investments over 5% of net assets are as follows:

	2025 £'000	2025 %	2024 £'000	2024 %
Knight Frank Long Income Property Unit Trust	**168,265**	**6.6**	165,928	5.8

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Notes to the Financial Statements (continued)

15. Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions, and stamp duty.
Transaction costs relating to property transactions amounted to £0.5m (2024: £0.1m).
In addition to the above transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

16. Investment management expenses

	2025 £'000	2024 £'000
Administration, management and custody	**8,437**	9,726

17. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year-end comprised:

	2025 £'000	2024 £'000
Property and Infrastructure	**478,313**	569,932

18. Derivatives

At the year end the Scheme held the following derivatives:

	Asset value at year end 2025 £'000	Liability value at year end 2025 £'000	Asset value at year end 2024 £'000	Liability value at year end 2024 £'000
Swaps	**40,791**	**(29,729)**	34,504	(29,173)
Forward exchange contracts	**155**	**(999)**	9,781	(172)
Futures	**138**	**(6,214)**	960	(610)
	41,084	**(36,942)**	45,245	(29,955)

Objectives and policies

The Trustee has authorised the use of derivatives by its investment managers as part of its investment strategy for the Scheme as follows:

Swaps – the Trustee's aim is to match as far as possible the Liability Driven Investment (LDI) portfolio to the Scheme's long-term liabilities, in relation to their sensitivities to interest and inflation rate movements. The Trustee has entered into OTC (over the counter) interest and inflation rate swaps that increase the duration and inflation sensitivity of the fixed income portfolio to better match the long-term liabilities of the Scheme.

Forward FX – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To offset the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Futures – Where foreign currency bonds have been purchased, long-term interest rate futures in the same currency have been sold to mitigate the impact of adverse interest rate movements in that currency.

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Notes to the Financial Statements (continued)

18. Derivatives (continued)

(i) Swaps

Contract	Expiration	Notional Amount £'000	Asset value at year end 2025 £'000	Liability value at year end 2025 £'000	Asset value at year end 2024 £'000	Liability value at year end 2024 £'000
IR swap	0-10 years	**363,920**	**888**	**(11,979)**	356	(12,771)
IR swap	11-20 years	**25,614**	**-**	**(14,107)**	-	-
IR swap	21-30 years	**25,415**	**5,727**	**-**	3,560	(12,742)
IR swap	31-40 years	**1,961**	**1,088**	**-**	897	-
IR swap	41-50 years	**6,035**	**5,300**	**-**	-	-
RPI swap	0-10 years	**283,900**	**27,788**	**(2,914)**	29,048	(2,631)
RPI swap	11-20 years	**13,000**	**-**	**(695)**	-	(1,029)
RPI swap	41-50 years	**1,414**	**-**	**(34)**	643	-
			40,791	**(29,729)**	34,504	(29,173)

At the end of the year the Scheme had pledged £18.0m in bonds and £0.2m in cash in respect of OTC swaps. Collateral valued at £nil in bonds and £nil in cash was held by the Scheme as at 30 September 2025 in respect of OTC swaps.

(ii) Forward Foreign Exchange Contracts outstanding (FX)

	Settlement date	Currency bought 2025 '000	Currency sold 2025 '000	Asset value at year end 2025 £'000	Liability value at year end 2025 £'000
Forward OTCs	<3 months	£74,090	€85,036	**-**	**(240)**
Forward OTCs	<3 months	£240,282	$324,339	**153**	**(759)**
Forward OTCs	<3 months	$622	£460	**2**	**-**
Forward OTC	>3 months	€58	£51	**-**	**-**
				155	**(999)**

The Assets and Liabilities as at 30 September 2024 were £9,781k and (£172k) respectively.

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Notes to the Financial Statements (continued)

18. Derivatives (continued)

(iii) Futures

Nature	Duration	Notional Exposure £'000	Asset value at year end 2025 £'000	Liability value at year end 2025 £'000	Asset value at year end 2024 £'000	Liability value at year end 2024 £'000
EUREX Euro-Buxl futures sold	Dec-25	**(12,690)**	**-**	**(226)**	-	(112)
EUREXEuro-Schatz futures sold	Dec-25	**(8,590)**	**12**	**-**	-	(9)
EUREX Euro-Bobl futures sold	Dec-25	**-**	**-**	**-**	-	(117)
EUREX Euro-BUND futures sold	Dec-25	**(54,200)**	**-**	**(181)**	11	(305)
US T-Bonds futures sold	Dec-25	**(226,253)**	**126**	**(5,807)**	949	(67)
			138	**(6,214)**	960	(610)

At the end of the year the Scheme had pledged £11.4m in bonds in respect of futures.

19. Longevity swap

On 6 April 2023, the Scheme entered into a longevity swap transaction with Pacific Life Re International Limited and Zurich Assurance Ltd to manage longevity risk in relation to a value at that date of c.£1.6bn of pensioner liabilities. The arrangement provides long-term protection to the Scheme against costs resulting from pensioners or their dependents living longer than currently expected, enhancing security for Scheme members, and reducing risk for the Scheme.

The 'fair market value' of the longevity swap has been derived from the expected present value on a market related discount rate of:

1. the expected cashflows from the floating leg (projected variable cashflows) on a prevailing market best-estimate of mortality plus current risk fee, minus
2. the fixed leg payments that the Scheme is required to make under the contract (including the risk fee at inception).

The following assumptions were made for both 30 September 2024 and 30 September 2025 :

Assumption	
Mortality base table (as at 2016)	As agreed in the fixed leg at inception
Mortality improvements (from 2016)	CMI 2023 with a 15% weighting to 2022 and 2023 data, a 1.50% long-term trend rate, smoothing factor of 7 and initial addition parameter of 0.5%
Other demographics	As agreed in the fixed leg at inception
Risk fee	2.40% pa
Intermediary fee	0.50% pa
Discount rate	UK Zero Coupon Government Bond curves with no adjustment
Pension increases	UK Inflation Zero Coupon yields with allowance for caps and collars

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Notes to the Financial Statements (continued)

19. Longevity swap (continued)

The valuation for the Longevity Swap at 30 September 2025 is minus £19m (2024: minus £26.5m).

Under the terms of the longevity swap, the Scheme is required to pledge collateral to Pacific Life Re covering the value of a percentage of the future fees payable to the Reinsurer plus the value of the fixed leg less the value of the floating leg. The fee collateral percentage as at 30 September 2025 per the contract was 70%. Bonds with the value of £27.4m (2024: £25.4m) were pledged at the Scheme's year end and are reported within bonds in the Scheme's Statement of Net Assets. Experience Collateral of £3.8m (2024: £nil) was held in cash by the Scheme as at 30 September 2025, with a £3.8m (2024:£nil) obligation to return cash collateral in respect of the longevity swap also shown under other investment balances.

The fees to the Insurer and reinsurer for the longevity swap are paid quarterly. These payments are disclosed in investment expenses (note 16).

20. Property

	2025 £'000	2024 £'000
Freehold Property	**5,250**	39,725
Leasehold Property	**-**	400
Total	**5,250**	40,125

21. AVC investments

The Trustee holds assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members who elected to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2025 £'000	2024 £'000
Prudential Assurance Company Limited	**33**	32
Standard Life	**42**	39
Aviva Plc	**3,009**	3,232
	3,084	3,303

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Notes to the Financial Statements (continued)

22. Fair value determination

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

Level 1 The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the assessment 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 are unobservable (i.e. for which market data is unavailable) for the asset or liability.

A fair value measurement is categorised in its entirety on the basis of the lowest level input which is significant to the fair value measurement in its entirety.

The Scheme's investment assets and liabilities fall within the above hierarchy levels as follows:

As at 30 September 2025	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Bonds	**-**	**2,535,275**	**-**	**2,535,275**
Pooled investment vehicles	**-**	**-**	**478,313**	**478,313**
Property	**-**	**-**	**5,250**	**5,250**
Derivatives	**(6,076)**	**(844)**	**11,062**	**4,142**
Longevity swap	**-**	**-**	**(19,000)**	**(19,000)**
AVC investments	**-**	**-**	**3,084**	**3,084**
Cash	**107,440**	**-**	**-**	**107,440**
Other investment balances	**(79,785)**	**26,549**	**-**	**(53,236)**
Repurchase and reverse repurchase agreements	**(513,655)**	**-**	**-**	**(513,655)**
	(492,076)	**2,560,980**	**478,709**	**2,547,613**

As at 30 September 2024	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Bonds	-	2,691,850	-	2,691,850
Pooled investment vehicles	-	-	569,932	569,932
Property	-	-	40,125	40,125
Derivatives	350	9,609	5,331	15,290
Longevity swap	-	-	(26,500)	(26,500)
AVC investments	-	-	3,303	3,303
Cash	132,990	-	-	132,990
Other investment balances	(85,777)	26,651	-	(59,126)
Repurchase and reverse repurchase agreements	(538,015)	-	-	(538,015)
	(490,452)	2,728,110	592,191	2,829,849

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Notes to the Financial Statements (continued)

23. Investment risk disclosures

Types of risk relating to investment

FRS 102 requires the disclosure of information in relation to certain investment risks to which the Scheme is exposed to at the end of the reporting period. 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 is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: 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.

The Scheme has exposure to the above risks because of the investments it makes to implement the investment strategies. The Trustee considers its investment risks when setting the Scheme's strategic investment objectives. These investment objectives and the overall level of risk are implemented through investments in pooled investment vehicles and segregated investment mandates with investment managers, which are monitored by the Trustee through regular reviews of the investment portfolio. The investment objectives of the Scheme are further detailed in the Statement of Investment Principles.

Investment strategy

The Trustee is responsible for determining the Scheme's investment strategy.

The principal objectives for the Trustee are to ensure that:

a the Scheme is able to provide the benefits set out in the Trust Deed and Rules through investing in a diversified portfolio of assets, that are sufficiently liquid, having taken account of the Scheme's liabilities and considering its risk tolerance in the context of the Trustee's evaluation of the Employer covenant; and

b the investment return targeted from time to time is appropriate, having regard to the funding position from time to time, the Trustee's funding objective and the Trustee's assessment of the Employer covenant.

In seeking to achieve these objectives, the Trustee is mindful of the need to:

- take account of current market conditions when positioning the portfolio at any time.
- limit the risk of the assets failing to meet the liabilities over the long term, noting that asset growth is expected to be made up of investment returns plus future contributions.
- establish the Scheme's asset allocation and manager structure. The Trustee receives advice from the Investment adviser and will consider the risk and return assumptions of particular asset classes/investment opportunities and how this will affect the risk and return characteristics of the Scheme's assets as a whole.

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Notes to the Financial Statements (continued)

23. Investment risk disclosures (continued)

Investment strategy (continued)

Credit risk

The Scheme is subject to two main types of credit risk:

- Direct credit risk represents the Scheme's exposure to the credit risk of counterparties and arises through the Scheme's investment in pooled investment vehicles, and through segregated mandates that are exposed to credit risk (comprising the Scheme's holding in its LDI, UK corporate bond mandates managed by LGIM and Aberdeen, its longevity swap and its holdings in the CBREGI Property and Northern Trust cash accounts).
- Indirect credit risk arises as a result of the credit risk of underlying investments held in pooled investment vehicles, where relevant.

Direct credit risk

As at 30 September 2025, £516m (2024: £594m) of the Scheme's investments were held in pooled investment vehicles and cash. Direct credit risk arising from pooled investment vehicles is mitigated by the underlying assets of the pooled arrangements being ring-fenced from the pooled manager, the regulatory environments in which the pooled managers operate and diversification of investments amongst a number of pooled arrangements.

Direct cash holdings provide a source of credit risk. This cash balance is maintained within the Trustee bank account and with an institution that is investment grade rated.

Direct credit risk also arises in relation to underlying investments held in segregated investment mandates. The Scheme is exposed to direct credit risk in this way through its investments in UK Corporate Bonds (managed by LGIM and Aberdeen), the Scheme's LDI Portfolio, currency hedging portfolio and the UK property fund (managed by CBREGI).

Direct credit risk in these segregated mandate funds is managed by the Scheme's managers using several methods. In relation to the UK Corporate Bond mandates, LGIM and Aberdeen undertake credit analysis and diversify the portfolio across a range of high-quality securities. With respect to the LGIM hedging portfolio, LGIM manage credit risk for derivative holdings using collateral arrangements to back the portfolio and diversifying such derivative exposure across a range of investment grade rated bank counterparties and the use of centrally cleared swaps with a clearing house.

A summary of pooled investment vehicles by type of arrangements is as follows:

	2025 £'m	**2024 £'m**
Unit linked insurance contracts	**50.3**	100.1
Authorised unit trusts	**287.8**	300.8
Shares of limited liability partnerships	**140.2**	169.0
	478.3	569.9

The total value of the Scheme's assets subject to direct credit risk was £2,544.5m (2024: £2,827m).

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Notes to the Financial Statements (continued)

23. Investment risk disclosures (continued)

Indirect credit risk

The total exposure to indirect credit risk at 30 September 2025 was £478m (2024: £570m).

The Scheme's pooled fund holdings which result in an exposure to indirect investment credit risk are as follows:

- Fixed interest securities issued by companies which, compared to bonds issued or guaranteed by governments, are exposed to greater risk of default in the repayment of the capital provided to the company or interest payments due.
- Bonds issued or guaranteed by governments also provide indirect credit risk, as cash flows may be impaired in the event of a sovereign default, however this risk is typically considered less than corporate default for the majority of developed countries.
- Securities issued by pooled property and infrastructure investments also provide indirect credit risk, as income may be impaired in the event of a market downturn. The Scheme's pooled exposure to such investments is via investments with LGIM, Knight Frank, PGIM, Alpha Real, Schroders Greencoat and BlackRock.

This risk is mitigated by ensuring that the range of investments across the screened bond and pooled property and infrastructure funds is well diversified.

Currency risk

Investments priced in foreign currencies are subject to direct risks whereas the sterling priced investments with underlying foreign currency priced holdings are subject to indirect risk.

The Scheme is subject to indirect currency risk because some of its sterling denominated investments are in companies with overseas activity. LGIM manages the Scheme's currency hedging arrangements via a currency overlay. Currency risk associated with the Scheme's buy-and-maintain corporate bonds is fully hedged. Over the year the Trustee agreed to continue not hedging the Scheme's remaining US Dollar, Japanese Yen and Euro exposures, reflecting the minimal remaining exposures to these currencies. As at 30 September 2025, £798m (2024: £843m) of the Scheme's investments were subject to currency risk.

The Trustee recognises the risk that fluctuations in foreign exchange rates may reduce the returns on these investments.

Interest rate risk

The Scheme holds a number of investments that are subject to direct interest rate risk:

- In the case of the segregated LDI mandate, this investment is held to offset in part the impact of changes in interest rates on the value placed on the Scheme's liabilities. If interest rates fall, the value of the interest-rate-sensitive assets will rise to offset some of the increase in actuarial liabilities from a fall in the discount rate. Similarly, if interest rates rise, the investments will fall in value as will actuarial liabilities because of an increase in the discount rate.
- In the case of the LGIM and Aberdeen corporate bond mandates, these investments are held because they are expected to deliver a long-term rate of return in excess of the Scheme's liabilities. The value of these assets is sensitive to changes in interest rates.

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Notes to the Financial Statements (continued)

23. Investment risk disclosures (continued)

Interest rate risk (continued)

- The Scheme invests in a segregated UK property portfolio managed by CBREGI that has a direct interest rate risk and five pooled Secure Income Asset investments managed by LGIM, PGIM, Knight Frank, Alpha Real and Schroders Greencoat with an indirect interest rate risk. All of these investments are subject to interest rate risk and are expected to provide a return in excess of the return on liabilities over the long term.
- The Scheme's investment in the longevity swap is held to protect the Scheme against adverse changes in longevity, however the value of this asset is sensitive to changes in interest rates and therefore forms part of the Scheme's interest rate risk.

Cash holdings are also exposed to interest rate risk. The total value of the Scheme's assets subject to interest rate risk was £2,545m (2024: £2,827m).

Other price risk

The Scheme has investments held in both return-seeking and liability-matching assets that are exposed to other indirect price risk, which include property, infrastructure and secure income assets. The total value of the Scheme's assets subject to other price risk was £1,419m (2024: £1,663m). The Trustee manages this exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

A summary of the Scheme's risk exposures is as follows:

	Risk Categorisation				
				Market Risk	
Fund	*Indirect Credit*	*Direct Credit*	*Currency*	*Interest Rate*	*Other Price Risk*
CBREGI Property	✓	✓		✓	✓
Knight Frank Long Income Property	✓	✓		✓	✓
LGIM Corporate Bonds		✓	✓	✓	
Aberdeen Corporate Bonds		✓	✓	✓	
LGIM LDI portfolio		✓		✓	✓
LGIM LPI Property Fund	✓	✓		✓	✓
Cash/Currency Overlay (Northern Trust)		✓	✓	✓	✓
PGIM UK Ground Lease Fund	✓	✓		✓	✓
Greencoat Solar II Fund	✓	✓		✓	✓
Alpha Real Wind Renewables	✓	✓		✓	✓
BlackRock Global Renewable Power	✓	✓	✓	✓	✓
Longevity Swap		✓		✓	✓

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Notes to the Financial Statements (continued)

24. Current assets

	2025 £'000	2024 £'000
Contributions due from employer	-	46
Cash balances	**17,765**	13,115
Other debtors	**2,348**	2,431
Property debtor	**15**	297
Admin expenses to be reimbursed	**5**	-
	20,133	15,889

The above contributions due from the employer at the prior year-end were received after the year-end in accordance with the Schedule of Contributions.

25. Current liabilities

	2025 £'000	2024 £'000
Accrued expenses	**1,965**	2,741
Prepaid contributions	**6,100**	-
Property creditor	**534**	1,205
Unpaid benefits	**791**	945
HMRC - PAYE	**1,818**	1,583
Sundry creditors	**14**	-
	11,222	6,474

The above prepaid contributions represent contributions in respect of the following year that were paid early.

26. Self-investment

The Occupational Pension Schemes (Investment) Regulations 2005 provide that the proportion of the current market value of a pension scheme's resources that may at any time be invested in employer-related investments must not exceed 5%. As at 30 September 2025 the Scheme had self-investments totaling £1.2m i.e. less than 0.047% of total assets (2024: £2.0m less than 0.072% of total assets). These investments were as follows:

	Value of Assets (£m)	
	2025	2024
Pooled investment vehicles	**1.20**	2.00

The self-investment values above do not account for cash held in the Trustee bank accounts.

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Notes to the Financial Statements (continued)

27. Related party transactions

The Scheme uses Clydesdale Bank Plc trading as Virgin Money, which was the Principal Employer, as its banker. The Scheme received £530,954 of interest on bank accounts during the year (2024: £661,166). This is included within interest on cash deposits in note 9.

Payments made to the Employer for administration expenses amount to £259,259 (2024: £245,076). This is included in administration and processing expenses in note 8.

Trustee services fees paid to all Trustee Directors in respect of the year amounted to £398,341 (2024: £440,035). This is included in actuarial and consultancy fees in note 8.

Pensioner member nominated Trustee Directors were paid fees as follows, which were also included in note 8:

A Duncan	£19,415	(2024: £31,605)
J Hurst	£29,209	(2024: £25,033)

Both of the above-named Trustee Directors also receive pensions from the Scheme.

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

As detailed in Note 4, the employer pays a contribution of £6.0m in respect of expenses and insurance premiums.

28. Capital commitments

As at 30 September 2025, the Trustee had a remaining commitment to BlackRock's Global Renewable Power Fund III of $18.3m (£13.6m) out of a total $130m (£96.6m). During the year there were drawdowns of $5.7m (£4.5m) by BlackRock (net of a return of drawn down capital during the year; this capital is recallable).

29. GMP Equalisation

On 26 October 2018 the High Court handed down a judgement involving the Lloyds Banking Group's defined benefit pension schemes. The judgement 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 judgement arise in relation to many other defined benefit pension schemes. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the back dated amounts. From April 2021, benefits for new retirees have been put into payment on an equalised basis. GMP equalisation for current pensioners was completed during the prior year, which resulted in back payments of around £0.4m, and a negligible uplift to the pensioner payroll.

A second judgement involving the Lloyds Banking Group's defined benefit pension schemes, on 20 November 2020, concluded that defined benefit (DB) schemes that provide GMPs must revisit and, where necessary, top up historic cash equivalent transfer values (CETVs) that have been calculated on an unequal basis.

During the accounting period, work was carried out to identify and calculate GMP top ups for members with historic CETVs. Post year end, £0.3m has been paid to members with approximately £0.5m remaining to be paid.

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Yorkshire and Clydesdale Bank Pension Scheme

Annual Implementation Statement – Scheme year ending 30 September 2025

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Section 1: Introduction

This document is the Annual Implementation Statement ("the statement") prepared by the Trustee of the Yorkshire and Clydesdale Bank Pension Scheme ("the Scheme") covering the Scheme year ("the year") to 30 September 2025.

The purpose of this statement is to:

- Provide details of how and the extent to which, in the opinion of the Trustee, the Trustee's policies on engagement and voting (as set out in the Statement of Investment Principles (the "SIP")) have been adhered to during the year; and
- Describe the voting behaviour by, or on behalf of, the Trustee (including the most significant votes cast by the Trustee or on its behalf) during the year and state any use of services of a proxy voter during that year.
- Provide details and examples of the engagement activities undertaken on behalf of the Trustee during the year

The Scheme makes use of a wide range of investments; therefore, the principles and policies in the SIP are intended to be applied in aggregate and proportionately, focusing on areas of maximum impact.

The SIP is a document which outlines the Trustee's policies with respect to various aspects related to investing and managing the Scheme's assets including but not limited to: investment managers, portfolio construction and risks.

The latest version of the SIP can be found online here

This statement reflects the Scheme year from 1 October 2024 to 30 September 2025. The SIP linked above reflects the latest version of the SIP which is dated October 2024. Prior to this version, the SIP which covered the Scheme year was dated April 2023.

Following a review of the April 2023 SIP the Trustee made the following amendments which are reflected in the October 2024 version:

- Inclusion of wording to reflect the periodic review of the alignment of investment managers' policies with the SIP.
- Removal of the reference to the contingent assets provided by the Principal Employer, following the winding down of the security structure.

The Trustee also completed a review of the October 2024 SIP in August 2025 and it was agreed no changes were required, therefore the October 2024 SIP linked above remains the latest version.

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Section 2: How the Trustee has adhered to its engagement and voting policies

The Trustee's policies on voting and engagement, as stated in the SIP are:

- The Trustee policy is to delegate responsibility for the exercising of rights (including voting rights) attaching to investments to the investment managers. The Trustee recognises the UK Stewardship Code 2020 as best practice and encourages its investment managers to comply with the UK Stewardship Code 2020 or explain where they do not adhere to this policy.
- When considering the appointment of new managers, and reviewing existing managers, the Trustee, together with its investment advisors, looks to take account of the approach taken by managers with respect to sustainable investing. This includes considering voting policies and engagement on relevant matters (i.e. the capital structure of investee companies, actual and potential conflicts of interest and other stakeholders), as well as how managers take account of ESG-related risks in their management of the Scheme's assets, and the consistency of this approach with the Trustee's own beliefs.
- Should the Trustee's monitoring process reveal that a manager's portfolio is not aligned with the Trustee's policies, the Trustee will engage with the manager further to encourage alignment. This monitoring process includes, but is not limited to, specific consideration of the sustainable investment/ESG characteristics of the portfolio and managers' engagement activities. If, following engagement, it is the view of the Trustee that the degree of alignment remains unsatisfactory, taking into consideration costs, risks and fiduciary duties, the contract with the manager will be terminated and replaced.
- For most of the Scheme's investments, the Trustee expects the investment managers to invest with a medium to long time horizon, and to use their engagement activity to drive improved performance over these periods. The Trustee also invests in certain strategies where such engagement is not deemed appropriate, due to the nature of the strategy and/or the investment time horizon underlying decision making. The appropriateness of the Scheme's allocation to such mandates is determined in the context of the Scheme's overall objectives.
- The Trustee appoints its investment managers with an expectation of a long-term relationship and engagement, which encourages active ownership of the Scheme's assets. When assessing a manager's performance, the focus is on longer-term outcomes, and the Trustee would not expect to terminate a manager's appointment based purely on short term performance. However, a manager's appointment could be terminated within a shorter timeframe due to other factors such as a significant change in business structure or the investment team.

The investment managers of pooled funds, in which the Scheme is invested, are generally responsible for exercising voting rights and the Trustee otherwise delegates responsibility for the exercising of voting rights to the Scheme's investment managers. Therefore, it is the responsibility of the Trustee to monitor, review and engage with investment managers with respect to how they have undertaken these activities.

The same policy applies to corporate engagement with the management of companies the Scheme is invested in. Corporate engagement is the responsibility of the managers of pooled funds and is otherwise delegated to the Scheme's investment managers because the Trustee believes that those managers are best placed to manage this engagement. The Trustee monitors, reviews and engages with the managers on how they have undertaken these activities.

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Section 2: How the Trustee has adhered to its engagement and voting policies (continued)

Over the year, the Trustee has undertaken a number of actions in line with these policies as set out below:

- The Trustee met with two of the Scheme's investment managers, LGIM and Aberdeen, as part of its ongoing monitoring of the Scheme's underlying investments. These meetings included discussions on the managers' approaches to sustainable investing, with a particular focus on climate-related risks. LGIM and Aberdeen manage the Scheme's buy and maintain credit mandates, which represent the largest holdings and a significant proportion of the Scheme's carbon footprint. Previously the Trustee has engaged with the buy and maintain managers to include an exclusion policy on future purchases to help manage the Scheme's carbon risk, which remains in place.
- The Trustee also met with BlackRock in light of the reduction in valuation of the Scheme's holding in their Global Renewable Power Infrastructure Fund. This meeting was to discuss the outlook for the fund and how Blackrock intend to maximise the value of their current investments. Alongside this, separate regular catch ups with the Scheme's other illiquid asset managers were completed as part of the Trustee's ongoing monitoring of the Scheme's underlying investments.
- The Trustee's investment advisor produces sustainable investment reports for the Scheme's managers which include information on how the investment managers consider environmental, social and governance factors in their investment processes. The reports also include information on the voting and engagement practices of the managers. At each of these meetings, the Trustee reviewed the manager's sustainable investment report ahead of the manager presentation and subsequently discussed relevant topics with managers.
- The Trustee reviewed the fees of Northern Trust, the Scheme's Custodian and Performance Measurer, in August 2025 to ensure they remained in line with industry standards. This review followed a similar assessment conducted the previous year. The Trustee also reviewed the portfolio turnover levels of the Scheme's underlying investment funds in November 2024 as part of the agreed annual process. The Trustee noted no significant concerns, though higher turnover in the LDI mandate was observed due to the implementation of a new liability proxy and ongoing discretionary trading and rebalancing.
- The Trustee has undertaken a number of actions as part of its ongoing consideration of the potential impact of climate change on the Scheme:
  - Similar to last year, the Trustee has received updates on the estimates of the Scheme's exposures based on a range of carbon metrics, including total carbon emissions and carbon footprint. The metrics have been assessed against the carbon emissions reduction target.
  - The Trustee has requested information on the potential impact of climate change from the Scheme's investment managers when meeting them through the year, as outlined above. The climate risks within the buy and maintain mandates are the most material to the Scheme, due to the size of the mandates.

In addition to the actions above the Trustee's investment advisor provides ratings for each of the Scheme's investment managers. These ratings are reviewed (and updated where necessary) on a quarterly basis and include considerations relating to sustainable investment. Any changes in these ratings or the investment advisor's opinion of a fund is communicated to the Trustee.

As set out in section 4, the Trustee believes that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year and the Trustee will continue to monitor the investment managers' stewardship practices on an ongoing basis.

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Section 3: Voting and Engagement

The Scheme is invested in a diverse range of asset classes and the scope for voting and engagement activity varies by asset class. For voting, focus would usually be on the equity investments which have voting rights attached. However, the Scheme has not held any equity investments since disinvesting from the asset class in 2022. This section therefore focuses on engagement activities within the buy and maintain credit mandates as these represent a significant proportion of Scheme assets, and one of the main sources of risk to the Scheme.

Engagement Activity

The Trustee's primary focus, from an ESG perspective, is on encouraging its investment managers and advisors to engage with the companies it invests in to better manage risks and improve outcomes. Engagement activities are monitored through the year in a number of different ways, including the annual review of managers' approach to sustainable investment and ratings of those managers, updates from the Scheme's investment consultant on the managers' engagement capabilities (where relevant) and as a part of regular manager meetings.

The Scheme's buy and maintain corporate bond mandates with LGIM and Aberdeen are key mandates for the Scheme from an engagement perspective. They are mandates with a key role to play in the investment strategy for the Scheme due to their cashflow generation and long-term focus. They also represent the majority of the Scheme's holdings in corporate securities. Over the year the Trustee met with both LGIM and Aberdeen to discuss the buy and maintain credit investments and ESG was one of the main topics considered. Within these discussions the Trustee looks for detail on both the process for engagement that each manager follows (including systems and resourcing) as well as examples of the engagement in practice. Specific engagement examples included:

- Aberdeen's engagement with BHP group– BHP currently lacks a net carbon intensity target for its full Scope 3 emissions, having set one only for shipping. To address Scope 3 emissions, BHP applies sustainability criteria to approximately 500 suppliers, requiring them to (a) measure their greenhouse gas emissions and (b) establish net-zero targets or initiatives to reduce emissions over time. Aberdeen recommended that BHP go further by disclosing the proportion of suppliers meeting these criteria.
- Aberdeen's engagement with Rio Tinto – To enhance transparency around decarbonisation, Aberdeen communicated to Rio Tinto that if Scope 2 emissions are material to its decarbonisation strategy, reporting should use **location-based data**. This approach reflects actual emissions from the local grid where operations occur, providing a more accurate picture of real-world impact. In contrast, **market-based reporting** relies on renewable energy certificates or contractual instruments, which can mask underlying emissions by offsetting them rather than reducing them at source. Aberdeen's position emphasises that location-based metrics offer greater integrity and accountability in assessing progress toward net-zero goals.
- LGIM's engagement with Equinor ASA – Following the publication of LGIM's detailed expectations for the oil and gas sector regarding the climate transition, LGIM has continued to assess companies' climate commitments and disclosures against this framework. In 2025, LGIM voted against Equinor's Energy Transition Plan due to concerns over financial risks linked to its international oil and gas expansion, and the potential impact on its ability to meet net-zero targets. Despite the plan receiving 96% shareholder support, LGIM maintains that companies must set robust emissions targets with time-bound milestones and demonstrate financial resilience through transparent disclosures. As a majority state-owned entity, Equinor remains a key focus for ongoing engagement to encourage alignment with LGIM's climate expectations.

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Section 3: Voting and Engagement (continued)

Engagement Activity (continued)

- LGIM's engagement with US utilities, including Xcel Energy – LGIM has been actively engaging with US utilities to assess how they are responding to sector-wide pressures such as coal retirement legislation, tax credit changes, affordability concerns, and the increasing frequency of wildfires. A key part of this engagement was a meeting with Xcel Energy's CEO and Head of Investor Relations in May 2025, where LGIM discussed the company's financial results and its approach to these challenges. LGIM views affordability as central to enabling utilities to maintain capital expenditure plans and progress towards grid decarbonisation. LGIM has identified a disconnect in incentives around demand-side response programmes and continues to engage with Xcel Energy and other utilities to encourage more effective regulatory engagement and support for a greener, more customer-centric energy system.

At a higher level, the Trustee monitors the level of climate-related engagements undertaken by its investment managers across the portfolio.

The Trustee also regularly reviews its investment advisor's approach to sustainable investment and credentials in this area.

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Section 4: Conclusion

The Trustee believes that the Scheme's engagement policy as outlined in the SIP has been adhered to over the Scheme year.

The compliance of the Scheme's investment managers with the Trustee's voting policies is not assessed here due to Trustee decision to fully disinvest from public equities in October 2022.

The Trustee will continue to monitor its investment managers' stewardship practices on an ongoing basis.

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