# YORKSHIRE BUILDING SOCIETY PENSION SCHEME

## Report and Financial Statements for the year ended 31 December 2025

Scheme Registration No: 10101681

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## TRUSTEE AND ADVISERS

| | | |
|---|---|---|
| ***Corporate Trustee:*** | YBS Pension Trustees Limited | |
| ***Trustee Directors:*** | Dr IS Dhingra (Independent Trustee Director and Chairman) | |
| | CP Canning | |
| | LJ Horwell | (Appointed 17 February 2025) |
| | CR Huitson | |
| | RD Kestin * | (Appointed 1 May 2025) |
| | DP Marshall * | |
| | VL Oygard * | |
| | * *Member-Nominated* | |
| ***Secretary to the Trustee:*** | C Eastwood | (Appointed 7 September 2025) |
| | C Cheetham | (Resigned 30 June 2025) |
| ***Actuary:*** | C Gore FIA<br>Willis Towers Watson<br>5 Wellington Place<br>Wellington Street<br>Leeds LS1 4AP | |
| ***Independent Auditors:*** | PricewaterhouseCoopers LLP<br>Central Square<br>29 Wellington Street<br>Leeds LS1 4DL | |
| ***Legal Advisers:*** | DLA Piper UK LLP<br>City Square House<br>11 Wellington Street<br>Leeds LS1 4DL | |
| ***Bankers:*** | Bank of Scotland<br>The Mound<br>Edinburgh EH1 1YZ | |
| | National Westminster Bank plc<br>1 Market Street<br>Bradford BD1 1EG | (Until 5 June 2026) |
| ***Investment Managers:*** | AXA Investment Managers UK Limited<br>22 Bishopsgate<br>London EC2N 4BQ | |
| | BlackRock Investment Management (UK) Limited<br>12 Throgmorton Avenue<br>London EC2N 2DL | |
| | FIL Life Insurance Limited<br>Beech Gate<br>Millfield Lane<br>Lower Kingswood<br>Tadworth<br>Surrey KT20 6RP | |

**TRUSTEE AND ADVISERS (continued)**

| | |
|---|---|
| ***Investment Managers (continued):*** | Insight Investment Management (Global) Limited<br>160 Queen Victoria Street<br>London EC4V 4LA |
| | M&G Investment Management Limited (From 22 December 2025)<br>10 Fenchurch Avenue<br>London EC3M 5AG |
| | Nephila Capital Ltd.<br>31 Victoria Street<br>Victoria Place, 3rd Floor West<br>Hamilton HM10<br>Bermuda |
| ***Annuity Provider:*** | Pension Insurance Corporation<br>14 Cornhill<br>London EC3V 3ND |
| ***Investment Advisers:*** | Willis Towers Watson<br>5 Wellington Place<br>Wellington Street<br>Leeds LS1 4AP |
| ***AVC Providers:*** | Chelsea Building Society * (Until 8 May 2025)<br>Yorkshire House<br>Yorkshire Drive<br>Bradford BD5 8LJ |
| | Clerical Medical (Until 9 May 2025)<br>PO Box 28121<br>15 Dalkeith Road<br>Edinburgh EH16 9AS |
| | FIL Life Insurance Limited<br>Beech Gate<br>Millfield Lane<br>Lower Kingswood<br>Tadworth<br>Surrey KT20 6RP |
| | Standard Life (Until 8 May 2025)<br>30 Lothian Road<br>Edinburgh EH1 2DH |
| ***Custodian:*** | Northern Trust<br>50 Bank Street<br>Canary Wharf<br>London E14 5NT |

** "Chelsea Building Society" and "The Chelsea" are trading names of Yorkshire Building Society*

**TRUSTEE AND ADVISERS (continued)**

| | |
|---|---|
| ***Administrators:*** | XPS Administration Limited<br>4th Floor<br>Wellbar Central<br>Gallowgate<br>Newcastle upon Tyne NE1 4TD |
| | FIL Life Insurance Limited<br>Beech Gate<br>Millfield Lane<br>Lower Kingswood<br>Tadworth<br>Surrey KT20 6RP |
| ***Sponsoring Employer (the "Employer"):*** | Yorkshire Building Society<br>Yorkshire House<br>Yorkshire Drive<br>Bradford BD5 8LJ |

## TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Trustee presents to the members its annual report and financial statements for the year ended 31 December 2025.

### *Scheme Information*

The Yorkshire Building Society Pension Scheme (the "Scheme") is governed by the Definitive Trust Deed, dated 1 April 2010, including subsequent amendments. A supplemental Definitive Trust Deed and Rules was signed on 5 December 2018 which consolidated the original Definitive Trust Deed and Rules with all subsequent amending deeds. On 15 April 2026, a further deed amended the Rules in response to the abolition of the 'Lifetime Allowance', in April 2024, and to provide clarity and protection of existing benefit entitlement.

The Scheme is a registered pension scheme within the meaning of Section 153 of the Finance Act 2004 and provides pensions and lump sum benefits on retirement and death for those past and present employees who are members of the Scheme.

The Scheme provides both defined benefit (DB) and defined contribution (DC) pensions. The DB section is closed to new employees and to future accrual whilst the DC section is open to new employees. Detailed information about the Scheme is available to members at www.ybspensionscheme.co.uk.

The Trustee, YBS Pension Trustees Limited, is a Corporate Trustee. Trustee Directors are appointed and removed from office by the Employer in accordance with the Trust Deed and the Trustee's Articles of Association. Under the provisions of the Pensions Act 2004, at least one-third of the Trustee Directors must be nominated by Scheme members and in accordance with these provisions, three member-nominated Trustee Directors are currently appointed. The Trustee Directors have the responsibility for ensuring that the Scheme is properly run in accordance with its governing documents and in the best interests of the members.

During the year, the Trustee Directors met regularly to review the management of the Scheme and to monitor the performance of the Investment Managers, Administrators and Advisers. The dates of the Trustee Board meetings and the number of Trustee Directors in attendance are shown below:

| Date | Attendance |
|---|---|
| 4 March 2025 | 6 of 6 |
| 4 June 2025 | 6 of 7 |
| 23 June 2025 | 5 of 7 |
| 16 September 2025 | 7 of 7 |
| 10 December 2025 | 7 of 7 |

In addition, the Trustee has established several subcommittees which meet regularly throughout the year in between the Trustee Board meetings to progress specific areas of work in more detail. In 2025, the following subcommittees met:

- Investment Subcommittee (ISC): 4 meetings.
- Audit and Risk Subcommittee (ARC): 4 meetings.
- Communications and Administration Subcommittee (CAC): 4 meetings.

### *Membership*

The number of members as at the year end was:

| | | 2025 | 2024 |
|---|---|---|---|
| Active members | Defined contribution | 3,643 | 3,506 |
| Deferred pensioners | Defined benefit | 1,285 | 1,386 |
| | Defined contribution | 4,759 | 4,684 |
| Pensioners | Defined benefit | 2,059 | 1,986 |
| | | 11,746 | 11,562 |

Included within 'pensioners' are 162 spouse/child pensioners (2024: 131), 739 members with benefits insured with the Pension Insurance Corporation (2024: 743), and 10 other annuitants (2024: 11).

**TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)**

***Pension Increases (DB Section)***

All pensions in payment were increased in accordance with the Rules of the Scheme. The Retail Price Index (RPI) dependent increases for each section of the Scheme (up to a maximum of 5.0%) were as follows:

| | Date increase applied | RPI increase and reference date | Minimum increase applied | Maximum increase applied | Average increase applied |
|---|---|---|---|---|---|
| Barnsley Building Society | Anniversary dates throughout the year | 2.7% (September 2024) | 0% | 5.0% | 2.7% |
| Chelsea Building Society | 1 April 2025 | 3.5% (December 2024) | 0% | 5.0% | 4.6% |
| Norwich & Peterborough Building Society | 1 September 2025 | 4.4% (June 2025) | 0% | 5.0% | 4.1% |
| Yorkshire Building Society | 1 January 2025 | 3.4% (October 2024) | 0% | 5.0% | 3.3% |

Deferred pensions in excess of the Guaranteed Minimum Pension (GMP) are increased annually in line with the cost of living up to a maximum of 5%. There were no discretionary increases during the year (2024: Nil).

***Transfer Values***

Cash equivalent transfer values paid to other approved pension arrangements are calculated and verified as prescribed by Section 97 of the Pension Schemes Act 1993. No discretionary benefits are included.

***Benefit/Scheme Changes***

There were no benefit or Scheme changes during the year.

***Financial Development of the Scheme***

Changes in the Scheme's net assets during the year were as follows:

| | £'000s |
|---|---|
| Net assets at 1 January 2025 | 810,846 |
| Net withdrawals from dealings with members | (15,317) |
| Net returns on investments | 54,129 |
| Net assets at 31 December 2025 | 849,658 |

The financial statements for the year have been prepared and audited in accordance with Sections 41(1) and (6) of the Pensions Act 1995.

**TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)**

***Enquiries***

All enquiries about the Scheme and individual benefit entitlements should be addressed to the Scheme Trustee:

(For DB benefits)
c/o XPS Administration Limited
PO Box 562
Middlesbrough TS1 9JA

Email: ybs@xpsgroup.com

(For DC benefits)
c/o FIL Life Insurance Limited ("Fidelity")
Beech Gate
Millfield Lane
Lower Kingswood
Tadworth
Surrey KT20 6RP

pensions.service@fil.com

***MoneyHelper***

MoneyHelper provides pension guidance, money guidance and debt advice. MoneyHelper can be contacted at:

MoneyHelper
Bedford Borough Hall
138 Cauldwell Street
Bedford MK42 9AB

Tel: 0800 011 3797
Contact: www.moneyhelper.org.uk/en/contact-us
Website: www.moneyhelper.org.uk

***Pensions Ombudsman***

If you have a complaint concerning your Scheme pension arrangements, you should first make a formal complaint to the Scheme Trustee. Complaints should be addressed to the Scheme Trustee at the address shown above under Enquiries.

If you are unhappy with the response, you can refer your complaint to The Pensions Ombudsman free of charge. The Pensions Ombudsman deals with complaints and disputes which concern the administration and/or management of occupational and personal pension schemes.

Contact with The Pensions Ombudsman about a complaint needs to be made within three years of when the event(s) you are complaining about happened – or, if later, within three years of when you first knew about it (or ought to have known about it). There is discretion for those time limits to be extended.

The Pensions Ombudsman can be contacted at:

10 South Colonnade
Canary Wharf
London E14 4PU

Tel: 0800 917 4487
Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

You can also submit a complaint online at: www.pensions-ombudsman.org.uk/making-complaint

**TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)**

***The Pensions Regulator (tPR)***

The Pensions Regulator can intervene if they consider that a scheme's trustees, advisers, or the employer are not carrying out their duties correctly. The address for the Pensions Regulator is:

Telecom House
125-135 Preston Road
Brighton  BN1 6AF

Tel: 0345 600 0707
Email: customersupport@tpr.gov.uk
Website: www.thepensionsregulator.gov.uk

***The Pension Scheme Registry***

The Scheme is registered with the Pension Scheme Registry which is part of the Pensions Regulator's office. The registration number is 10101681. The data held by the Registry is used by the Pension Tracing Service to assist former members of schemes to trace their scheme benefits. The Pension Tracing Service can be contacted at:

The Pension Service
Post Handling Site A
Wolverhampton  WV98 1AF

Tel: 0800 731 0193
Website: www.gov.uk/find-pension-contact-details

**TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)**

## INVESTMENT REPORT

The Trustee determines its investment strategy after taking advice from its Investment Advisers. It has delegated the management of the investments to the Investment Managers listed on pages 2 and 3, and it has secured a proportion of the liabilities through a bulk annuity (buy-in) contract with the Pension Insurance Corporation.

For the DB section, the Trustee has adopted a Liability Driven Investment ("LDI") strategy. LDI strategies typically seek to reduce or partially hedge a DB pension scheme's interest rate and inflation risk. As at the December 2025 year end, the Scheme was 91% (2024: 93%) hedged against interest rate risk and 91% (2024: 93%) hedged against inflation risk.

### *Statement of Investment Principles*

A Statement of Investment Principles ("SIP") has been produced as required under Section 35 of the Pensions Act and includes specific references to:

- The Scheme's investment policy including the investment objectives, the exercising of voting rights, and ESG issues;
- The investment strategy for the DB section;
- The fund range and 'Lifestyle' strategies for the DC section; and
- The Trustee's policy with regard to risk.

A copy of the latest SIP has been included as an appendix to this Report. Members may also request a copy of the SIP at any time and it is also available online at:
https://www.ybspensionscheme.co.uk/documents/ybs_sip_november_2024.pdf.

All investments made during the year were in accordance with the SIP.

### *Custodial Arrangements*

The Custodians are responsible for the safekeeping of share certificates and other documentation relating to the ownership of listed investments, settlement of trades, and income collection.

The Trustee is responsible for ensuring that the Scheme's assets continue to be held securely. The Trustee has delegated the selection and monitoring of its Custodians to the pooled fund managers with the exception of the LDI and credit portfolios, where Northern Trust has been appointed as Custodian by the Trustee.

### *Investment Strategy*

#### Defined Benefit Section

The investment strategy is disclosed on pages 32 and 33.

#### Defined Contribution Section

The fund range is disclosed on page 35 and details of the Lifestyle strategies can be found in the SIP.

**TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025 (continued)**

**INVESTMENT REPORT (continued)**

***Investment Performance***

**Defined Benefit Section**

The performance of the DB section's investments for the year to 31 December 2025 and the prior two years was as follows:

| | 31/12/25<br>% | 31/12/24<br>% | 31/12/23<br>% |
|---|---|---|---|
| Overall return | 3.75 | (9.49) | 1.09 |

The returns for the years ending 31 December 2025 and 31 December 2024 are based on the growth of all investments, excluding the value of the Scheme's bulk annuity contract with the Pension Insurance Corporation, and have been calculated by the Scheme's Investment Advisers, Willis Towers Watson. The return for the year ending 31 December 2023 includes the value of the bulk annuity contract and was calculated by the Scheme's former independent performance measurer, Portfolio Evaluation.

**Defined Contribution Section**

Investment performance for each of the DC Funds for the year to 31 December 2025 is shown below:

| | 1 year | | 3 years | | 5 years | |
|---|---|---|---|---|---|---|
| | Fund<br>% | Benchmark<br>% | Fund<br>% p.a. | Benchmark<br>% p.a. | Fund<br>% p.a. | Benchmark<br>% p.a. |
| Cash Fund | 4.1 | 4.2 | 4.5 | 4.6 | 2.9 | 3.0 |
| Diversified Investment Fund | 11.4 | 11.1 | 8.4 | 12.4 | 4.7 | 7.0 |
| Emerging Markets Fund | 23.5 | 23.5 | 11.6 | 12.1 | 4.2 | 4.4 |
| International Equity Fund | 17.8 | 18.1 | 15.7 | 15.9 | 10.5 | 10.8 |
| Short Dated Corporate Bond Fund (1) | 6.5 | 5.9 | - | - | - | - |
| Inflation Linked Annuity Target Fund (2) | 2.8 | 1.4 | (1.7) | (2.3) | (9.5) | (9.8) |
| Pre-Retirement Fund | 5.2 | 1.0 | 2.8 | 0.8 | (6.2) | (7.8) |
| Shariah Equity Fund | 11.9 | 13.0 | 22.6 | 23.1 | 14.5 | 15.0 |

(1) *The Fund was invested on 15 May 2024 therefore 3 and 5 year performance is not yet available.*

(2) *The Inflation Linked Annuity Target Fund replaced the Over 5-year Index Linked Gilt Fund in June 2024. Performance data has been combined for both Funds.*

Fund performance results include costs associated with administration and investment services provided by FIL Life Insurance Limited ("Fidelity"). The benchmark performance results do not include these costs and so are normally slightly higher.

***Taskforce on Climate-Related Financial Disclosures (TCFD)***

A TCFD report has been prepared for the year ended 31 December 2025 and is available online at

www.ybspensionscheme.co.uk/documents/YBS_TCFD_Report_Jul2026.pdf.

***Employer Related Investments***

There were no employer related investments at the year end or prior year end.

## REPORT ON 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. This is 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 31 December 2022. This showed that on that date, the technical provisions were £613.9 million and the value of the assets was £626.0 million. This gave a funding level of 102.0%.

Since the latest actuarial valuation, there have been annual updates carried out as at 31 December 2023 and 31 December 2024. The results of these updates are given below:

- At 31 December 2023, the technical provisions were £601.1 million and the value of the assets was £611.5 million, giving a funding level of 101.7%.
- At 31 December 2024, the technical provisions were £535.6 million and the value of the assets was £541.1 million, giving a funding level of 101.0%.

The method and significant actuarial assumptions used to determine the technical provisions are as follows (all assumptions adopted are set out in the Appendix to the Statement of Funding Principles dated 9 November 2023).

### Method

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

### Significant actuarial assumptions

***Discount interest rate:*** term-dependent rates set by reference to the fixed interest gilt curve (as derived by WTW) at the valuation date plus an addition of 1% per annum to 31 December 2025 and then decreasing linearly to 0.25% per annum from 31 December 2031.

***Future Retail Prices Index (RPI) inflation:*** term-dependent 'breakeven' rates of RPI inflation, derived using WTW's nominal and index-linked gilt yield curves.

***Future Consumer Prices (CPI) Index inflation:*** based on the RPI inflation assumption curve, less a margin of 1% per annum up to 2030, and nil thereafter.

***Pension increases:*** set using the RPI and CPI inflation curves, with an assumption for inflation volatility of 1% per annum, and allowance for the relevant minimum and maximum increase limits.

***Pay increases:*** real pay increases of 1.25% per annum above the weighted average CPI inflation rate. Career Average Revalued Earnings (CARE) revaluations are assumed to be in line with CPI inflation.

***Mortality:*** for the period in retirement, standard tables S3PMA with a scaling factor of 83% for male members and S3PFA with a scaling factor of 92% for female members, both projected from 2013 in line with the Continuous Mortality Investigation's core 2022 projection model using a long term trend rate for improvements of 1.5% per annum, the default smoothing parameter of 7.0 and an initial addition to mortality improvements of 0.25% per annum.

### Schedule of Contributions and Recovery Plan requirements

As there were sufficient assets to cover the Scheme's technical provisions at the 31 December 2022 valuation, no recovery plan was required.

The latest Schedule of Contributions certified by the Scheme Actuary on 13 June 2025 sets out that the Society will contribute £1.0 million per year towards the cost of DC section expenses and life assurance premiums. Expenses (including Pension Protection Levy invoices) for the DB section will be met directly from the resources of the Scheme.

**ACTUARY'S CERTIFICATE OF SCHEDULE OF CONTRIBUTIONS**

**Actuarial certificate of Schedule of Contributions**

**1 Adequacy of rates of contributions**

I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objectives on 31 December 2022 could have been expected to be met for the period for which this Schedule of Contributions is expected to be in force.

**2 Adherence to statement of funding principles**

I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 9 November 2023.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objectives could be expected to be met is not a certification of their adequacy for the purpose of securing the Scheme's liabilities by the purchase of annuities, if the Scheme were to be wound up.

**Chris Gore**
**Fellow of the Institute and Faculty of Actuaries**
**Towers Watson Limited, a WTW company**

**5 Wellington Place**
**Wellington Street**
**Leeds**
**LS1 4AP**

**Date: 13 June 2025**

## STATEMENT OF TRUSTEE'S RESPONSIBILITIES

***The Trustee's responsibilities in respect of the financial statements***

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK and Republic of Ireland ("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 these 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 ensuring that the financial statements are prepared on a going concern basis unless it is inappropriate to presume that the Scheme will continue as a going concern.

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

The Trustee has a general responsibility for ensuring that 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 also responsible for the maintenance and integrity of the YBS Pension Scheme website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

***The Trustee's responsibilities in respect of contributions***

The Trustee is responsible under pensions legislation for preparing, and from time to time reviewing and if necessary revising, a Schedule of Contributions showing the rates of contributions payable to the Scheme by or on behalf of employers 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 that fall due to be paid are paid into the Scheme 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 to members.

### Approval

The Trustee's Report, which includes the Investment Report, the Report on Actuarial Liabilities, the Statement of Trustee's Responsibilities, the Governance Statement, and the Implementation Statement was approved by the Trustee on:

**For and on behalf of the Trustee**

. . . . . . . . . . . . . . . . . . . . . . . . . . . . . . .          . . . . . . . . . . . . . . . . . . . . . . . . .

**Inderpreet Dhingra, Chairman**          **Date**

# Independent auditors' report to the Trustee of Yorkshire Building Society Pension Scheme

## Report on the audit of the financial statements

### Opinion

In our opinion, Yorkshire Building Society Pension Scheme's financial statements:

- show a true and fair view of the financial transactions of the scheme during the year ended 31 December 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 (United Kingdom Accounting Standards comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); 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.

We have audited the financial statements, included within the Report and Financial Statements, which comprise:

- the Statement of Net assets (Available for Benefits) as at 31 December 2025;
- the Fund Account for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the scheme in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the scheme's ability to continue as a going concern.

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

## Reporting on other information

The other information comprises all of the information in the Report and Financial Statements other than the financial statements, our auditors' report thereon and our auditors' statement about contributions. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## Responsibilities for the financial statements and the audit

### Responsibilities of the Trustee for the financial statements

As explained more fully in the statement of Trustee's responsibilities, the Trustee is responsible for ensuring that the financial statements are prepared in accordance with the applicable framework and for being satisfied that they show a true and fair view. The Trustee is also responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the scheme and its environment, we identified that the principal risks of non-compliance with laws and regulations related to the administration of the scheme in accordance with the Pensions Acts 1995 and 2004 and regulations made under them, and codes of practice issued by the Pensions Regulator; and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered the direct impact of these laws and regulations on the financial statements. We evaluated incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of override of controls, by the Trustee and those responsible for, or involved in, the preparation of the underlying accounting records and financial statements, and determined that the principal risks were related to posting inappropriate journals to conceal misappropriation of assets. Audit procedures performed by the engagement team included:

- Testing journal entries where we identified particular fraud risk criteria.
- Obtaining independent confirmations of material investment valuations and cash balances at the year end.
- Reviewing meeting minutes, any correspondence with the Pensions Regulator, and significant contracts and agreements.
- Holding discussions with the Trustee to identify significant or unusual transactions and known or suspected instances of fraud or non-compliance with applicable laws and regulations.
- Assessing financial statement disclosures, and agreeing these to supporting evidence, for compliance with the Pensions Acts 1995 and 2004 and regulations made under them.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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.

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

### Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 June 2026

## FUND ACCOUNT

For the year ended 31 December 2025

| | Note | 2025 Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | 2025 Total £'000s | 2024 Defined Benefit Section £'000s | 2024 Defined Contribution Section £'000s | 2024 Total £'000s |
|---|---|---|---|---|---|---|---|
| **CONTRIBUTIONS AND BENEFITS** | | | | | | | |
| Employer contributions | 5 | 1,000 | 20,120 | 21,120 | 1,000 | 18,446 | 19,446 |
| Employee contributions | 5 | - | 4,484 | 4,484 | - | 3,078 | 3,078 |
| **Total contributions** | 5 | 1,000 | 24,604 | 25,604 | 1,000 | 21,524 | 22,524 |
| Transfers in | 6 | - | 2,420 | 2,420 | - | 1,403 | 1,403 |
| Other income | 7 | - | 443 | 443 | 1 | 904 | 905 |
| | | 1,000 | 27,467 | 28,467 | 1,001 | 23,831 | 24,832 |
| Benefits paid or payable | 8 | (26,912) | (1,664) | (28,576) | (24,993) | (3,029) | (28,022) |
| Payments to and on account of leavers | 9 | (332) | (11,682) | (12,014) | (377) | (9,555) | (9,932) |
| Other payments | 10 | (765) | - | (765) | (736) | - | (736) |
| Administrative expenses | 11 | (2,429) | - | (2,429) | (2,476) | - | (2,476) |
| | | (30,438) | (13,346) | (43,784) | (28,582) | (12,584) | (41,166) |
| **NET (WITHDRAWALS)/ADDITIONS FROM DEALINGS WITH MEMBERS** | | (29,438) | 14,121 | (15,317) | (27,581) | 11,247 | (16,334) |
| **RETURNS ON INVESTMENTS** | | | | | | | |
| Investment income | 12 | 21,150 | - | 21,150 | 19,735 | - | 19,735 |
| Change in market value of investments | 15 | (5,175) | 38,672 | 33,497 | (62,008) | 24,362 | (37,646) |
| Investment management expenses | 13 | (518) | - | (518) | (466) | - | (466) |
| **NET RETURNS ON INVESTMENTS** | | 15,457 | 38,672 | 54,129 | (42,739) | 24,362 | (18,377) |
| **NET INCREASE/(DECREASE) IN THE FUND** | | (13,981) | 52,793 | 38,812 | (70,320) | 35,609 | (34,711) |
| **TRANSFERS BETWEEN SECTIONS** | 14 | (37) | 37 | - | - | - | - |
| **OPENING NET ASSETS** | | 541,512 | 269,334 | 810,846 | 611,832 | 233,725 | 845,557 |
| **CLOSING NET ASSETS** | | 527,494 | 322,164 | 849,658 | 541,512 | 269,334 | 810,846 |

The notes on pages 19 to 38 form part of these financial statements.

## STATEMENT OF NET ASSETS (AVAILABLE FOR BENEFITS)

At 31 December 2025

| | Note | 2025 Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | 2025 Total £'000s | 2024 Defined Benefit Section £'000s | 2024 Defined Contribution Section £'000s | 2024 Total £'000s |
|---|---|---|---|---|---|---|---|
| **INVESTMENT ASSETS** | 15 | | | | | | |
| Bonds | | 527,225 | - | 527,225 | 516,901 | - | 516,901 |
| Pooled investment vehicles | 16 | 68,712 | 319,651 | 388,363 | 34,592 | 267,379 | 301,971 |
| Derivatives | 17 | 44,418 | - | 44,418 | 49,113 | - | 49,113 |
| Insurance policies | 18 | 133,700 | - | 133,700 | 141,500 | - | 141,500 |
| AVC investments | 19 | 354 | - | 354 | 404 | - | 404 |
| Cash and cash equivalents | 20 | 10,052 | - | 10,052 | 8,035 | - | 8,035 |
| Other investment balances | 21 | 58,945 | - | 58,945 | 45,990 | - | 45,990 |
| | | 843,406 | 319,651 | 1,163,057 | 796,535 | 267,379 | 1,063,914 |
| **INVESTMENT LIABILITIES** | 15 | | | | | | |
| Bonds sold short | | (53,014) | - | (53,014) | (35,601) | - | (35,601) |
| Derivatives | 17 | (52,347) | - | (52,347) | (52,338) | - | (52,338) |
| Other investment balances | 21 | (216,156) | - | (216,156) | (170,049) | - | (170,049) |
| | | (321,517) | - | (321,517) | (257,988) | - | (257,988) |
| **TOTAL NET INVESTMENTS** | | 521,889 | 319,651 | 841,540 | 538,547 | 267,379 | 805,926 |
| **CURRENT ASSETS** | 25 | 6,860 | 2,521 | 9,381 | 4,047 | 2,476 | 6,523 |
| **CURRENT LIABILITIES** | 26 | (1,255) | (8) | (1,263) | (1,082) | (521) | (1,603) |
| **TOTAL NET ASSETS AVAILABLE FOR BENEFITS** | | 527,494 | 322,164 | 849,658 | 541,512 | 269,334 | 810,846 |

The notes on pages 19 to 38 form part of these financial statements.

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustee. They do not take 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 for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on page 11 of the Annual Report, and these financial statements should be read in conjunction with this report.

The financial statements on pages 17 to 38 were approved by the Trustee on . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . . and signed on their behalf by:

. . . . . . . . . . . . . . . . . . . . . . . . . . . .

**Inderpreet Dhingra, Chairman**

. . . . . . . . . . . . . . . . . . . . . . . . . . . .

**Secretary to the Trustee**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2025

## 1. GENERAL INFORMATION

The Scheme is an occupational pension scheme governed by the consolidated Trust Deed, dated 5 December 2018, and provides defined benefit and defined contribution pensions for the beneficial members of the Scheme who are eligible employees of Yorkshire Building Society. The benefits are payable to members in accordance with the Scheme Rules.

The Scheme is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief. Income and capital gains earned by the Scheme receive preferential tax treatment.

## 2. BASIS OF PREPARATION

The individual financial statements of the Yorkshire Building Society Pension Scheme 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 (FRS) 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ("FRS 102") and the guidance set out in the Statement of Recommended Practice "Financial Reports of Pension Schemes" (revised June 2018) ("the SORP").

The financial statements have been prepared on the going concern basis. At the date of signing these financial statements, the Trustee believes that due to the structure of the investments held, the Scheme is able to cover its related outgoings until at least twelve months from the date that these financial statements were signed. As a result, and together with the strong position of the Principal Employer, the Trustee considers the preparation of the financial statements on a going concern basis to be appropriate.

## 3. IDENTIFICATION OF THE FINANCIAL STATEMENTS

The Scheme is established as a trust under English law. The address for enquiries to the Scheme is Yorkshire House, Yorkshire Drive, Bradford BD5 8LJ.

## 4. ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### *(a) Accounting Convention*

The financial statements are prepared on an accruals basis. The Scheme's functional and presentational currency is Pounds Sterling.

### *(b) Contributions*

Employee normal contributions, including Additional Voluntary Contributions (AVCs), are accounted for when they are deducted from pay by the employer, except for the first contribution due where the employee has been auto-enrolled by the employer, which is accounted for when received by the Scheme.

Employer normal contributions which 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 in force during the year. Salary sacrifice contributions are accounted for when they are deducted from pay by the employer.

Other contributions are recognised on the due dates in accordance with the Schedule of Contributions or on receipt, if earlier, with the agreement of the employer and Trustee.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

**4. ACCOUNTING POLICIES (continued)**

***(c) Payments to Members***

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

Benefits are accounted for in the period in which the member notifies the Trustee of their decision on the type or amount of benefit to be taken or, if there is no member choice, on the date of retirement or leaving, whichever is the later.

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

Where the Trustee is required to settle tax liabilities on behalf of a member (such as when lifetime or annual allowances are exceeded) with a consequent reduction in that member's benefits, this is shown separately within benefits paid.

Member opt-outs are accounted for when the Scheme is notified of the opt-out.

***(d) Expenses***

Scheme expenses, including life assurance premiums, are accounted for on an accruals basis within the DB section of the Scheme as, under the Schedule of Contributions, the Scheme receives an Employer's Contribution towards the cost of these expenses into the DB section.

***(e) Investment Income***

Income from bonds, other interest receivable or payable and annuity income is taken into account on an accruals basis and includes interest bought and sold on investment purchases and sales.

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

Income arising on the underlying investments of accumulation funds is reflected within the change in market value.

Receipts or payments under swap contracts, representing the difference between the swapped cash flows, are included in investment income.

***(f) Investments***

Investments are included at fair value as follows:

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

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

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Where the latest available price is after the year end, this will be used if it is considered to be the closest price to the year end date for funds which are not priced on a daily basis. 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.

Swaps are valued based on the current value of future cash flows arising from the swap, determined using discounted cash flow models and market data at the reporting date.

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

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

**4. ACCOUNTING POLICIES (continued)**

***(f) Investments (continued)***

Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

The Pension Insurance Corporation (PIC) insurance policy in the name of the Scheme has been valued in line with the Scheme Actuary's best estimate solvency assumptions at the reporting date. Other smaller annuity policies in the name of the Scheme would have been valued on the same basis and although these remain assets of the Trustee, these policies have been determined to be immaterial and therefore are not included in these financial statements.

AVC investments are included at the valuations advised by the Scheme's AVC Providers.

Repurchase agreements are shown by recognising the cash received as an asset and the obligation to pay it back as a payable amount. The Scheme continues to recognise and value the securities that are delivered out as collateral and includes them in the financial statements.

***(g) Foreign Currency Translation***

Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction. Monetary items denominated in foreign currencies are translated into sterling, the Scheme's functional and presentational currency, using the closing exchange rates at the year end.

***(h) Critical Accounting Estimates and Judgements***

The preparation of the financial statements requires the Trustee to make judgements, estimates, and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date, and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The Trustee confirms that no judgements have had a significant effect on amounts recognised in the financial statements but note estimation uncertainty in the valuation of annuity policies, as disclosed in Note 18. There is also estimation in the valuation of level 3 pooled investment vehicles, as shown in Note 22.

**5. CONTRIBUTIONS**

| | | 2025 | |
|---|---|---|---|
| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
| Employer contributions | | | |
| Normal | - | 20,120 | 20,120 |
| Additional | 1,000 | - | 1,000 |
| | 1,000 | 20,120 | 21,120 |
| Employee contributions | | | |
| Normal | - | 138 | 138 |
| Additional voluntary | - | 4,346 | 4,346 |
| | - | 4,484 | 4,484 |
| | 1,000 | 24,604 | 25,604 |

## NOTES TO THE FINANCIAL STATEMENTS (continued)

For the year ended 31 December 2025

### 5. CONTRIBUTIONS (continued)

| | 2024 | | |
|---|---|---|---|
| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
| Employer contributions | | | |
| Normal | - | 18,446 | 18,446 |
| Additional | 1,000 | - | 1,000 |
| | 1,000 | 18,446 | 19,446 |
| Employee contributions | | | |
| Normal | - | 116 | 116 |
| Additional voluntary | - | 2,962 | 2,962 |
| | - | 3,078 | 3,078 |
| | 1,000 | 21,524 | 22,524 |

The Schedule of Contributions certified by the Scheme Actuary on 13 June 2025 requires the Sponsoring Employer to pay the Scheme £1.0 million by 31 December each year towards the cost of Scheme expenses (including life assurance premiums) for the DC section. Due to the way the Scheme was set up historically, these contributions are paid into the DB section's bank account which is then used by the Trustee to settle all Scheme expenses for both DB and DC sections.

For the current year to 31 December 2025, total contributions include £10.4 million (2024: £8.6 million) received under salary sacrifice arrangements.

### 6. TRANSFERS IN

| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| 2025 | | | |
| Individual transfers in from other schemes | - | 2,420 | 2,420 |
| 2024 | | | |
| Individual transfers in from other schemes | - | 1,403 | 1,403 |

### 7. OTHER INCOME

| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| 2025 | | | |
| Claims on term insurance policies | - | 443 | 443 |
| 2024 | | | |
| Other income | 1 | - | 1 |
| Claims on term insurance policies | - | 904 | 904 |
| | 1 | 904 | 905 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 8. BENEFITS PAID OR PAYABLE

| | Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| Pensions | 23,360 | - | 23,360 |
| Commutation of pensions and lump sum retirement benefits | 3,431 | 965 | 4,396 |
| Purchase of annuities | - | 53 | 53 |
| Death benefits including lump sums | 61 | 646 | 707 |
| Taxation where lifetime or annual allowance exceeded | 60 | - | 60 |
| | 26,912 | 1,664 | 28,576 |

| | | 2024 | |
|---|---|---|---|
| Pensions | 22,502 | - | 22,502 |
| Commutation of pensions and lump sum retirement benefits | 2,180 | 1,243 | 3,423 |
| Purchase of annuities | - | 173 | 173 |
| Death benefits including lump sums | 311 | 1,613 | 1,924 |
| | 24,993 | 3,029 | 28,022 |

'Lump Sum death benefits' and 'refunds of contributions on death' have been recategorised as 'Death benefits including lump sums'. These include benefits paid of £443,310 (2024; £904,014) which were claimed under term insurance policies as disclosed in Note 7.

Pensions paid in the year to 31 December 2024 included payments in respect of guaranteed minimum pension (GMP) equalisation for the majority of current Scheme members. This included back-payments totalling £88,076 and pension increases of £8,210 (per annum).

## 9. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

| | Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| Refunds of contributions | - | 5 | 5 |
| Individual transfers out to other schemes | 332 | 11,677 | 12,009 |
| | 332 | 11,682 | 12,014 |

| | | 2024 | |
|---|---|---|---|
| Refunds of contributions | - | 2 | 2 |
| Individual transfers out to other schemes | 377 | 9,553 | 9,930 |
| | 377 | 9,555 | 9,932 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 10. OTHER PAYMENTS

| | Defined Benefit Section | Defined Contribution Section | Total |
|---|---|---|---|
| | 2025 | | |
| | £'000s | £'000s | £'000s |
| Premiums on term insurance policies | 765 | - | 765 |
| | 2024 | | |
| Premiums on term insurance policies | 736 | - | 736 |

The premiums on term insurance policies include premiums of £140,831 (2024: £131,146) in respect of the 'excepted' life assurance arrangements for the Yorkshire Building Society Excepted Group Life Scheme.

## 11. ADMINISTRATIVE EXPENSES

| | Defined Benefit Section | Defined Contribution Section | Total |
|---|---|---|---|
| | 2025 | | |
| | £'000s | £'000s | £'000s |
| Actuarial fees | 1,270 | - | 1,270 |
| Administration expenses | 569 | - | 569 |
| Audit fees | 68 | - | 68 |
| Legal fees | 163 | - | 163 |
| Miscellaneous expenses | 7 | - | 7 |
| PPF levy | 61 | - | 61 |
| Secretarial fees | 116 | - | 116 |
| Trustee fees & expenses | 144 | - | 144 |
| Other fees | 31 | - | 31 |
| | 2,429 | - | 2,429 |
| | 2024 | | |
| Actuarial fees | 1,210 | - | 1,210 |
| Administration expenses | 721 | - | 721 |
| Audit fees | 73 | - | 73 |
| Legal fees | 248 | - | 248 |
| Miscellaneous expenses | 5 | - | 5 |
| PPF levy | 58 | - | 58 |
| Trustee fees & expenses | 135 | - | 135 |
| Other fees | 26 | - | 26 |
| | 2,476 | - | 2,476 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 12. INVESTMENT INCOME

| | Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| Income from bonds | 14,169 | - | 14,169 |
| Income from pooled investment vehicles | 1,729 | - | 1,729 |
| Interest on cash deposits | 349 | - | 349 |
| Net receipts from swaps | 1,174 | - | 1,174 |
| Annuity income | 9,778 | - | 9,778 |
| Interest on repurchase agreements | (6,049) | - | (6,049) |
| | 21,150 | - | 21,150 |

| | | 2024 | |
|---|---|---|---|
| Income from bonds | 14,157 | - | 14,157 |
| Income from pooled investment vehicles | 2,724 | - | 2,724 |
| Interest on cash deposits | 655 | - | 655 |
| Net receipts from swaps | 1,667 | - | 1,667 |
| Annuity income | 9,496 | - | 9,496 |
| Interest on repurchase agreements | (8,964) | - | (8,964) |
| | 19,735 | - | 19,735 |

## 13. INVESTMENT MANAGEMENT EXPENSES

| | Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| Administration, management & custody | 518 | - | 518 |

| | | 2024 | |
|---|---|---|---|
| Administration, management & custody | 466 | - | 466 |

## 14. TRANSFERS BETWEEN SECTIONS

| | Defined Benefit Section £'000s | 2025 Defined Contribution Section £'000s | Total £'000s |
|---|---|---|---|
| Inter-section transfers in | 60 | 97 | 157 |
| Inter-section transfers out | (97) | (60) | (157) |
| | (37) | 37 | - |

Transfers from the DB to the DC section comprised members' savings transferred from the legacy DB AVC policies to the DC pooled funds managed by Fidelity as disclosed in Note 19. The transfer from the DC to the DB section represented disinvestment proceeds from a member's DC savings to fund an annual allowance taxation charge.

There were no transfers between sections in 2024.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 15. RECONCILIATION OF INVESTMENTS

| Defined Benefit Section | Value at 01.01.2025 £'000s | Purchases at cost and derivative payments £'000s | Sales proceeds and derivative receipts £'000s | Change in market value £'000s | Value at 31.12.2025 £'000s |
|---|---|---|---|---|---|
| Bonds | 481,300 | 52,359 | (61,292) | 1,844 | 474,211 |
| Pooled investment vehicles | 34,592 | 113,819 | (79,794) | 95 | 68,712 |
| Derivatives | (3,225) | 5,566 | (10,973) | 703 | (7,929) |
| Insurance policies | 141,500 | - | - | (7,800) | 133,700 |
| AVC investments | 404 | 7 | (102) | 45 | 354 |
| | 654,571 | 171,751 | (152,161) | (5,113) | 669,048 |
| Cash and cash equivalents | 8,035 | | | (62) | 10,052 |
| Other investment balances | (124,059) | | | - | (157,211) |
| | 538,547 | | | (5,175) | 521,889 |

| Defined Contribution Section | Value at 01.01.2025 | Purchases at cost | Sales proceeds | Change in market value | Value at 31.12.2025 |
|---|---|---|---|---|---|
| Pooled investment vehicles | 267,379 | 41,531 | (27,931) | 38,672 | 319,651 |

The change in market value of cash and cash equivalents, and other investment balances relates to foreign exchange gains or losses on overseas currency assets.

Transaction costs are included in the cost of purchases and deducted from sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty. For the year to 31 December 2025, broker commissions on exchange-traded derivatives were £13,715 (2024: £15,125).

In addition to the direct transaction costs, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

The pooled investment vehicle purchases and sales for the year of £113.8 million and £79.8 million respectively for the defined benefit section consists primarily of movements in and out of the Insight Liquidity Fund which is used for the short-term investment of cash; purchases and sales from this Fund were £78.8 million and £78.9 million respectively.

The investments purchased by the DC section are allocated to provide benefits to the individuals on whose behalf corresponding contributions are paid. These investments are held by the Investment Manager on a pooled basis for the Trustee and the Scheme's Administrator for the DC section allocates investment units to members. The Trustee may also hold investment units representing the value of employer contributions that have been retained by the Scheme that relate to members leaving the Scheme prior to vesting.

All of the DC section assets are allocated to members (2024: all).

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 16. POOLED INVESTMENT VEHICLES

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

| Defined Benefit Section | 2025<br>£'000s | 2024<br>£'000s |
|---|---|---|
| Strategic alternative income | 26,420 | 26,402 |
| Bonds | 35,734 | 1,539 |
| Cash | 6,558 | 6,651 |
| | 68,712 | 34,592 |

| Defined Contribution Section | 2025<br>£'000s | 2024<br>£'000s |
|---|---|---|
| Equities | 169,932 | 142,233 |
| Diversified | 121,288 | 100,475 |
| Bonds | 16,832 | 14,579 |
| Cash | 11,599 | 10,092 |
| | 319,651 | 267,379 |

The increase in bond funds in the year for the DB section follows an investment of £35.0 million in the M&G Investment Grade ABS Fund in December 2025; this was funded by cash released from the Insight Investment Management portfolio.

The overall increase in DC funds in the year was due to net purchases after sales of £13.6 million and an increase in market value of £38.7 million.

## 17. DERIVATIVES

### 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 fixed income portfolio with the Scheme's long term liabilities, in particular in relation to their sensitivities to interest rate movements. Due to the lack of available long dated bonds, the Trustee has entered into over-the-counter (OTC) interest rate swaps that extend the duration of the fixed income portfolio to better match the long term liabilities of the Scheme.

**Futures:** the Trustee enters into exchange-traded (index based) futures contracts in order to increase or decrease the Scheme's economic exposure to certain markets including Government Bonds and Global Equity.

**Forward foreign exchange contracts:** 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 balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in Sterling, a currency hedging programme using forward foreign exchange contracts has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 17. DERIVATIVES (continued)

At the year end the Scheme held the following derivatives:

| | 2025 Asset £'000s | 2025 Liability £'000s | 2024 Asset £'000s | 2024 Liability £'000s |
|---|---|---|---|---|
| Swaps | 43,812 | 51,839 | 47,792 | 51,053 |
| Futures | 393 | 508 | 1,282 | 1,158 |
| Forward Foreign Exchange Contracts | 213 | - | 39 | 127 |
| | 44,418 | 52,347 | 49,113 | 52,338 |
| Net derivatives | | 7,929 | | 3,225 |

**Swaps**

| Nature | Expiration | Notional principal £'000s | Asset £'000s | Liability £'000s |
|---|---|---|---|---|
| Interest rate swaps (OTC) | 0-10 years | 48,764 | 1,726 | - |
| Interest rate swaps (OTC) | 10-20 years | 64,752 | 8 | 7,359 |
| Interest rate swaps (OTC) | 20-30 years | 105,316 | 22,362 | 7,658 |
| Interest rate swaps (OTC) | 30-40 years | 100,378 | 15,791 | 23,062 |
| Interest rate swaps (OTC) | 40-50 years | 35,649 | 3,925 | 13,760 |
| Total 2025 | | 354,859 | 43,812 | 51,839 |
| Total 2024 | | 372,344 | 47,792 | 51,053 |

Included in bonds is collateral of £12.0 million (2024: £9.8 million) which has been pledged to counterparties.

At the year end, the Scheme held £4.2 million (2024: £6.5 million) of collateral belonging to counterparties comprising cash of £4.2 million (2024: £5.4 million) and bonds of £nil (2024: £1.1 million); this collateral is not reported within the Scheme's net assets.

**Futures**

| Nature | Expiration | Economic exposure £'000s | Asset £'000s | Liability £'000s |
|---|---|---|---|---|
| Euro Bund Future | 6 March 2026 | (4,898) | 37 | - |
| MSCI World Index Future | 20 March 2026 | 29,872 | 134 | - |
| UK Long Gilt Future | 27 March 2026 | (34,030) | - | 508 |
| UK Long Gilt Future | 27 March 2026 | 13,523 | 86 | - |
| US 10 YR Note CBT | 20 March 2026 | (16,217) | 136 | - |
| Total 2025 | | (11,750) | 393 | 508 |
| Total 2024 | | (8,168) | 1,282 | 1,158 |

Included within cash deposits is £3.7 million (2024: £4.3 million) in respect of initial and variation margin arising on open futures contracts at the year end.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 17. DERIVATIVES (continued)

**Forward Foreign Exchange**

| Contract | Settlement date | Currency bought | Currency sold | Asset £'000s | Liability £'000s |
|---|---|---|---|---|---|
| Forward (OTC) | 6 March 2026 | Sterling | US Dollar | 151 | - |
| Forward (OTC) | 6 March 2026 | Sterling | Euro | 62 | - |
| Total 2025 | | | | 213 | - |
| Total 2024 | | | | 39 | 127 |

## 18. INSURANCE POLICIES

| | 2025 £'000s | 2024 £'000s |
|---|---|---|
| The Scheme held insurance policies at the year end as follows: | | |
| Pension Insurance Corporation (PIC) | 133,700 | 141,500 |

The bulk annuity insurance policy held with PIC has been valued using Willis Towers Watson's best estimate solvency assumptions as at 31 December 2025. The policy covers a representative tranche of pensioners and pays monthly income to cover the pension payroll benefits of members insured by the policy.

The Scheme Actuary has valued the annuities using the Scheme's solvency basis, updated for market conditions as at 31 December 2025, using data obtained from the most recent actuarial valuation. This has been rolled forward with an approximate allowance for annuity payments received and member movements. The assumptions used to value the annuities are as follows:

**Discount interest rate:** term-dependent discount rates based on the Willis Towers Watson nominal gilt yield curve with a 0.35% per annum addition.

**Future Retail Prices Index (RPI) inflation:** term-dependent 'breakeven' rates of RPI inflation, derived using Willis Towers Watson's nominal and index-linked gilt yield curves.

**Pension increases:** set using the RPI inflation curve, and the relevant minimum and maximum increase limits.

**Mortality:** for the period in retirement, standard tables S4PMA with a scaling factor of 86.3% for male members and S4PFA with a scaling factor of 94.1% for female members, both projected from 2017 in line with the Continuous Mortality Investigation's core 2023 projection model using a long term trend rate for improvements of 1.5% per annum, the default smoothing parameter of 7.0, an initial addition to mortality improvements of 0.25% per annum, and zero weightings for 2022 and 2023 experience.

## 19. AVC INVESTMENTS

The Trustee holds assets invested separately from the Scheme's main assets to secure additional benefits on a money purchase basis for those members electing to pay additional voluntary contributions (AVCs). With the exception of the Chelsea Building Society AVC investment, members participating in these arrangements receive an annual statement made up to the year end confirming the value of their fund and the movements in the year.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 19. AVC INVESTMENTS (continued)

The aggregate amounts of AVC investments at the year end are as follows:

| | 2025 £'000s | 2024 £'000s |
|---|---|---|
| Chelsea Building Society * (unit linked) | - | 8 |
| Clerical Medical (unit linked) | - | 12 |
| Clerical Medical (with profits) | - | 44 |
| Fidelity (unit linked) | 354 | 328 |
| Standard Life (with profits) | - | 12 |
| | 354 | 404 |

** "Chelsea Building Society" and "The Chelsea" are trading names of Yorkshire Building Society*

Following a 'Value for Money' review of the AVC arrangements, members' savings in the Chelsea Building Society, Clerical Medical, and Standard Life AVC policies were all transferred by the Trustee to the pooled investments managed by Fidelity for the DC section in May 2025.

## 20. CASH AND CASH EQUIVALENTS

| | 2025 £'000s | 2024 £'000s |
|---|---|---|
| Cash deposits | 9,170 | 8,035 |
| Cash in transit | 882 | - |
| | 10,052 | 8,035 |

## 21. OTHER INVESTMENT BALANCES

| | 2025 £'000s | 2024 £'000s |
|---|---|---|
| Dividends and interest receivable | 5,355 | 5,237 |
| Amounts receivable under reverse repurchase agreements | 53,590 | 40,753 |
| | 58,945 | 45,990 |
| Interest payable on repurchase agreements | (1,081) | (1,075) |
| Amounts payable under repurchase agreements | (215,075) | (168,974) |
| | (216,156) | (170,049) |
| | (157,211) | (124,059) |

At the year end, £216.7 million (2024: £159.0 million) of bonds reported in Scheme assets were held by counterparties under repurchase agreements and £53.2 million (2024: £35.8 million) of bonds owned by counterparties were held by the Scheme under reverse repurchase agreements (these bonds are not reported in Scheme assets). In total, there were 26 repurchase agreements including 4 reverse repurchase agreements, all maturing in 2026.

At the year end, collateral of £0.9 million (2024: £0.4 million) belonging to counterparties was held by the Scheme and collateral of £0.3 million (2024: £7.1 million) was pledged by the Scheme to counterparties in respect of the change in market value of the bonds held under these agreements. Collateral belonging to counterparties is not reported in Scheme assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 22. FAIR VALUE DETERMINATION

The fair value of financial instruments has been estimated 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 measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that 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.

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

| | At 31 December 2025 | | | |
|---|---|---|---|---|
| **Defined Benefit Section** | Level 1 £'000s | Level 2 £'000s | Level 3 £'000s | Total £'000s |
| Bonds | - | 474,211 | - | 474,211 |
| Pooled investment vehicles | - | 42,292 | 26,420 | 68,712 |
| Derivatives | - | (7,929) | - | (7,929) |
| Insurance policies | - | - | 133,700 | 133,700 |
| AVC investments | - | 354 | - | 354 |
| Cash | 10,052 | - | - | 10,052 |
| Other investment balances | 4,274 | (161,485) | - | (157,211) |
| | 14,326 | 347,443 | 160,120 | 521,889 |
| **Defined Contribution Section** | | | | |
| Pooled investment vehicles | - | 319,651 | - | 319,651 |
| | 14,326 | 667,094 | 160,120 | 841,540 |

| | At 31 December 2024 | | | |
|---|---|---|---|---|
| **Defined Benefit Section** | Level 1 £'000s | Level 2 £'000s | Level 3 £'000s | Total £'000s |
| Bonds | - | 481,300 | - | 481,300 |
| Pooled investment vehicles | - | 8,190 | 26,402 | 34,592 |
| Derivatives | - | (3,225) | - | (3,225) |
| Insurance policies | - | - | 141,500 | 141,500 |
| AVC investments | - | 348 | 56 | 404 |
| Cash | 8,035 | - | - | 8,035 |
| Other investment balances | 4,162 | (128,221) | - | (124,059) |
| | 12,197 | 358,392 | 167,958 | 538,547 |
| **Defined Contribution Section** | | | | |
| Pooled investment vehicles | - | 267,379 | - | 267,379 |
| | 12,197 | 625,771 | 167,958 | 805,926 |

With the exception of the insurance policies which were valued by the Scheme Actuary, investments reported under Level 3 are based on values estimated by the underlying fund managers using accepted valuation methodologies and use of market information in the absence of observable market data.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 23. INVESTMENT RISK DISCLOSURES

### (a) Investment Risks

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

**Credit risk:** this is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

**Market risk:** this comprises currency risk, interest rate risk, inflation 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.
- **Inflation and 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 Trustee determines its investment strategy after taking advice from a professional investment adviser. The Scheme has exposure to these risks because of the investments it makes in following the investment strategy set out below. The Trustee manages investment risks, including credit risk and market risk taking into account the Scheme's strategic investment objectives. These investment objectives are implemented through the investment management agreements in place with the Scheme's Investment Managers and are monitored by the Trustee through regular reviews of the investment portfolio.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the legacy insurance policies or the AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

### (b) Defined Benefit Section

#### (i) Investment Strategy

The Scheme's investment strategy is set in conjunction with the Scheme's Investment Advisers, recognising and managing a number of risks involved in the investment of the Scheme's assets in order to achieve the Scheme's investment objectives.

The Trustee has agreed that the investment objectives for the DB section should be:

- To achieve a return on the Scheme's assets that is consistent with the long-term assumptions of the Scheme Actuary in determining the funding of the Scheme, whilst at the same time balancing risk.
- To aim for the assets to exceed the liabilities as determined in the event of the Scheme winding up on the basis of cash equivalent transfer values.
- To minimise the requirement for the Employer to make further deficit recovery plan contributions.

The investment strategy is set out in the Statement of Investment Principles and is to hold:

- A range of instruments that provide a better match both to changes in liability values and expected liability cash flows, including (but not limited to) gilts, corporate bonds, derivatives, and insurance policies.
- A diversified range of return-seeking assets, including (but not limited to) equities (implemented physically and/or through equity futures), securitised credit, corporate bonds and secure income assets.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 23. INVESTMENT RISK DISCLOSURES (continued)

### (b) Defined Benefit Section (continued)

### (i) Investment Strategy (continued)

- Passive and actively managed portfolios as appropriate, following consideration of efficiency, liquidity and level of transaction costs likely to prevail within each market as well as the impact of the Investment Managers' fees on future expected returns.

A summary of the risks across the Scheme's DB investments is shown below:

| | | Market Risk | | | 2025 | 2024 |
|---|---|---|---|---|---|---|
| | Credit Risk | Currency | Interest Rate | Other Price | £'000s | £'000s |
| Bonds | ● | ○ | ● | ◐ | 474,211 | 481,300 |
| Pooled investment vehicles | ● | ● | ● | ● | 68,712 | 34,592 |
| Derivatives | ● | ◐ | ● | ◐ | (7,929) | (3,225) |
| Insurance policies | ● | ○ | ○ | ○ | 133,700 | 141,500 |
| AVC investments | ◐ | ◐ | ◐ | ◐ | 354 | 404 |
| Cash | ◐ | ○ | ◐ | ○ | 10,052 | 8,035 |
| Other investment balances | ● | ○ | ● | ● | (157,211) | (124,059) |

*[●] significantly, [◐] partially or [○] hardly / not at all.*

### (ii) Credit Risk

The Scheme is subject to credit risk because the Scheme directly invests in over-the-Counter ("OTC") derivatives and has cash held with counterparties. The Scheme also invests in pooled investment vehicles and is therefore directly exposed to credit risk in relation to the instruments it holds in the pooled investment vehicles. The Scheme is indirectly exposed to credit risks arising on the financial instruments held by the pooled investment vehicles. Credit risk also applies to the bulk annuity insurance policy referring to the risk that the insurer could fall insolvent.

Credit risk arising on bonds held directly is mitigated by investing in UK government bonds where the credit risk is significantly lower. Credit risk arising on other investments is mitigated by investment mandates requiring limits around the amount of non-investment grade credit held.

Credit risk arising on derivatives depends on whether the derivative is exchange-traded or OTC. OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps is reduced by collateral arrangements.

Credit risk arising on bulk annuity insurance policies is mitigated by the high level of industry regulation from the Prudential Regulation Authority (PRA) and by industry protections (the Financial Services Compensation Scheme) in addition to the due diligence carried out by the Trustee in selecting an appropriate insurer.

Cash is held within financial institutions which are at least investment grade credit rated.

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. The Trustee carries out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitors any changes to the operating environment of the pooled manager.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

**23. INVESTMENT RISK DISCLOSURES (continued)**

**(b) Defined Benefit Section (continued)**

**(ii) Credit Risk (continued)**

Indirect credit risk arises in relation to underlying investments held in the pooled investment vehicles. This risk is mitigated by only investing in funds which limit the level of non-investment grade credit rated investments.

The investment in pooled investment vehicles as at 31 December 2025 was as follows:

| | 2025 | 2024 |
|---|---|---|
| | £'000s | £'000s |
| Authorised Unit Trusts | 26,420 | 26,402 |
| Investment Funds | 727 | 1,539 |
| SICAV Funds | 35,007 | - |
| UCITS Funds | 6,558 | 6,651 |
| Total | 68,712 | 34,592 |

**(iii) Currency Risk**

The Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets via pooled investment vehicles (e.g. securitised credit, debt, and reinsurance). The Trustee has considered the extent to which it wants to mitigate this risk by currency hedging, taking into account the expected benefits and costs of doing so. The Trustee agreed to leave the Synthetic Equity exposure unhedged (as a hedge against 'shocks' to the global economy and markets).

**(iv) Interest Rate Risk**

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in government bonds, interest rate swaps, either as segregated investments or through pooled vehicles, and cash. The Trustee has implemented an LDI strategy designed to match 91% (2024: 93%) of the Scheme's uninsured liabilities using a mixture of bonds, corporate bonds, and interest rate swaps.

Under this strategy, if interest rates fall, the value of LDI investments will rise to help match the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, the LDI investments will fall in value, as will the actuarial liabilities because of an increase in the discount rate.

At the year end, the LDI portfolio represented 25.0% (2024: 32.6%) of the total investment portfolio and the bulk annuity insurance policy represented 25.3% (2024: 26.2%).

**(v) Other Price Risk**

Other price risk arises principally in relation to the Scheme's return-seeking portfolio which includes equity futures, UK and global corporate bonds, securitised credit, income generating assets, and global reinsurance. At the year end, the return-seeking portfolio represented 47.9% (2024: 40.9%) of the total investment portfolio.

The Scheme manages the exposure to overall price movements by constructing a diverse portfolio of investments across various markets.

**(c) Defined Contribution Section**

**(i) Investment Strategy**

The Trustee's objective is to make available to members of the Scheme an appropriate range of investment options designed to generate income and capital growth, which together with new contributions from members and their employer, will provide a retirement amount with which the member can purchase a pension annuity or other type of retirement product. The Statement of Investment Principles outlines the investment objectives and strategy for the DC assets of the Scheme.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

**23. INVESTMENT RISK DISCLOSURES (continued)**

**(c) Defined Contribution Section (continued)**

**(i) Investment Strategy (continued)**

At the year end, the investment funds offered to members were provided by Fidelity as follows:

- Cash Fund
- Diversified Investment Fund
- Emerging Markets Fund
- International Equity Fund
- Short Dated Corporate Bond Fund
- Inflation Linked Annuity Target Fund
- Pre-Retirement Fund
- Shariah Equity Fund

The Trustee has an investment management agreement in place with Fidelity that sets out guidelines for the underlying investments held by the funds. The day-to-day management of the underlying investments in the funds is the responsibility of Fidelity, including the direct management of credit and market risks.

The Trustee monitors the DC funds via regular reports and advice from the Scheme's Investment Advisers.

A summary of the risks across the Scheme's DC investments is shown below:

| | | Market Risk | | | 2025 | 2024 |
|---|---|---|---|---|---|---|
| | Credit Risk | Currency | Interest Rate | Other Price | £'000s | £'000s |
| Cash Fund | ● | ○ | ◐ | ● | 11,599 | 10,092 |
| Diversified Investment Fund | ● | ◐ | ◐ | ● | 121,288 | 100,475 |
| Emerging Markets Fund | ● | ● | ○ | ● | 2,916 | 2,153 |
| International Equity Fund | ● | ◐ | ○ | ● | 159,637 | 134,070 |
| Short Dated Corporate Bond Fund | ● | ◐ | ● | ● | 5,289 | 4,109 |
| Inflation-Linked Annuity Target Fund | ● | ○ | ● | ● | 6,055 | 6,186 |
| Pre-Retirement Fund | ● | ○ | ● | ● | 5,488 | 4,284 |
| Shariah Equity Fund | ● | ● | ○ | ● | 7,379 | 6,010 |

*[●] significantly, [◐] partially or [○] hardly / not at all.*

**(ii) Credit Risk**

The DC investments are subject to direct credit risk in relation to Fidelity through the Scheme's holding in unit linked funds provided by Fidelity. The Trustee monitors the creditworthiness of Fidelity by reviewing published credit ratings. In the event of default by Fidelity, the Scheme is protected by the Financial Services Compensation Scheme.

The investments are also subject to indirect credit risk arising from the underlying investments held in the funds. Member level risk exposures will be dependent on the funds invested in by members.

**(iii) Market Risk**

The DC investments are subject to indirect currency risk, interest rate risk, and other price risk arising from the underlying financial instruments held in the funds managed by Fidelity. The equity assets in the funds are exposed to currency and other price risks, and the bond and cash assets in the funds are exposed to currency and interest rate risks.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 24. CONCENTRATION OF INVESTMENTS

The following investments represented over 5% of the net assets of the Scheme:

| | 2025 | | 2024 | |
|---|---|---|---|---|
| | £'000s | % | £'000s | % |
| Fidelity International Equity Fund | 159,637 | 18.8 | 134,070 | 16.5 |
| PIC insurance policy | 133,700 | 15.7 | 141,500 | 17.5 |
| Fidelity Diversified Investment Fund | 121,288 | 14.3 | 100,475 | 12.4 |

## 25. CURRENT ASSETS

| | | 2025 | |
|---|---|---|---|
| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
| Bank balance | 6,620 | 462 | 7,082 |
| Contributions receivable - employer | - | 1,729 | 1,729 |
| - members | - | 330 | 330 |
| Pensions paid in advance | 233 | - | 233 |
| Other assets | 7 | - | 7 |
| | 6,860 | 2,521 | 9,381 |

| | | 2024 | |
|---|---|---|---|
| Bank balance | 3,162 | 624 | 3,786 |
| Contributions receivable - employer | - | 1,595 | 1,595 |
| - members | - | 257 | 257 |
| Pensions paid in advance | 222 | - | 222 |
| Life assurance paid in advance | 656 | - | 656 |
| Other assets | 7 | - | 7 |
| | 4,047 | 2,476 | 6,523 |

Included in the DC bank balance is £nil (2024: £174,453) which is allocated to members.

All contributions receivable relate to the month of December 2025 and were paid in full to the Scheme within the timescale required by the Schedule of Contributions.

## 26. CURRENT LIABILITIES

| | | 2025 | |
|---|---|---|---|
| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
| Accrued expenses | 431 | - | 431 |
| Unpaid benefits | 138 | 8 | 146 |
| Tax payable | 384 | - | 384 |
| Annuities received in advance | 302 | - | 302 |
| | 1,255 | 8 | 1,263 |

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

**26. CURRENT LIABILITIES (continued)**

| | 2024 | | |
|---|---|---|---|
| | Defined Benefit Section £'000s | Defined Contribution Section £'000s | Total £'000s |
| Accrued expenses | 384 | - | 384 |
| Unpaid benefits | 62 | 521 | 583 |
| Tax payable | 340 | - | 340 |
| Annuities received in advance | 296 | - | 296 |
| | 1,082 | 521 | 1,603 |

## 27. RELATED PARTIES

Transactions with related parties of the Scheme have been disclosed in the financial statements as follows.

**(a) Transactions with key management personnel – The Trustee**

- Contributions received during the year in respect of five (2024: four) Trustee Directors who were active members of the Scheme were made in accordance with the Trust Deed and Rules.
- Pension payments were made during the year to one (2024: one) Trustee Director as a retired member of the Scheme and are included within pensions payable. These payments were calculated on the same basis as pensions payable to other members of the Scheme in accordance with the Trust Deed and Rules.
- Amounts paid to Trustee Directors as a fee for their services are disclosed in Note 11. At the year end, £nil (2024: £26,419) was payable by the Scheme for these fees.

**(b) Transactions with other related parties – The Employer**

- Contributions receivable from the Employer of the Scheme are disclosed in Notes 5 and 25.

Until 8 May 2025, the Scheme had an AVC provision arrangement with The Chelsea Building Society. "The Chelsea Building Society" and "The Chelsea" are trading names of Yorkshire Building Society.

## 28. EMPLOYER RELATED INVESTMENTS

There were no employer related investments at the year end (2024: £Nil).

## 29. GUARANTEED MINIMUM PENSION (GMP) EQUALISATION

In October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded the schemes should be amended to equalise pension benefits for men and women in relation to GMP benefits. In November 2020, the High Court also ruled that pension schemes needed to revisit individual transfer payments made since May 1990. Under the rulings, schemes are required to backdate benefit and transfer out adjustments in relation to GMP equalisation and provide interest on the backdated amounts.

In 2024 and 2025 the Trustee completed the GMP equalisation calculations for all current Scheme members and, where applicable, back payments and/or pension adjustments were made. The final part of the GMP equalisation project is to pay any top-ups due in relation to past transfers out of the Scheme and this is expected to be completed in 2026. Members should be aware that completion of this exercise may not lead to a change in benefits payable.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

For the year ended 31 December 2025

## 29. GUARANTEED MINIMUM PENSION (GMP) EQUALISATION (continued)

Based on an approximate assessment of the remaining backdated amounts and related interest, the Trustee does not expect these to be material to the financial statements and therefore has not included a liability in respect of these matters in these financial statements. They will be accounted for in the year they are determined.

# Independent auditors' statement about contributions to the Trustee of Yorkshire Building Society Pension Scheme

## Statement about contributions

### Opinion

In our opinion, the contributions required by the schedules of contributions for the scheme year ended 31 December 2025 as reported in Yorkshire Building Society Pension Scheme's summary of contributions have, in all material respects, been paid in accordance with the schedules of contributions certified by the scheme actuary on 30 June 2020 and on 13 June 2025.

We have examined Yorkshire Building Society Pension Scheme's summary of contributions for the scheme year ended 31 December 2025 which is set out on the following page.

### Basis for opinion

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions have, in all material respects, been paid in accordance with the relevant requirements. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the scheme under the schedules of contributions, and the timing of those payments.

### Responsibilities for the statement about contributions

#### Responsibilities of the Trustee in respect of contributions

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 employers in accordance with relevant requirements.

#### Auditors' responsibilities in respect of the statement about contributions

It is our responsibility to provide a statement about contributions and to report our opinion to you.

#### Use of this report

This report, including the opinion, has been prepared for and only for the Trustee as a body in accordance with section 41 of the Pensions Act 1995 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 June 2026

## SUMMARY OF CONTRIBUTIONS PAID IN THE YEAR

During the year, the contributions paid to the Scheme by the employer under the Schedules of Contributions were as follows:

| | |
|---|---|
| Contributions required by the Schedules of Contributions: | £'000s |
| Employer normal contributions | 20,120 |
| Employer additional contributions | 1,000 |
| Employee normal contributions | 138 |
| Contributions required by the Schedules of Contributions (as reported on by the Scheme Auditors) | 21,258 |
| Reconciliation to the financial statements: | |
| Contributions paid under the Schedules of Contributions | 21,258 |
| Members' Additional Voluntary Contributions | 4,346 |
| Contributions receivable per the financial statements | 25,604 |

This summary was approved by the Trustee on ...................................................................... (date)

Signed on behalf of the Trustee

. . . . . . . . . . . . . . . . . . . . . . . . . . . .
**Inderpreet Dhingra, Chairman**