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BEVERLEY
BUILDING SOCIETY

Building Better Futures

ANNUAL REPORT & ACCOUNTS

for the year ended 31 December 2022

Our Vision

To be a strong independent mutual, which is trusted and respected by members and non-members, because we offer straightforward, value for money products that are easy to understand and supported by an unrivalled level of personal service.

Contents

Highlights of the year…

£34.7m

The Society hugely increased the volume of mortgages it was able to lend in the period to £34.7m – nearly twice what we achieved in 2021 (£19.3m).

Profit before tax of £759,000

(2021: £756,000), maintaining the improved level of profitability achieved by the Society in 2021.

We supported **Beverley Cherry Tree Community Centre,** the Society's chosen charity of the year with **£9,250 of support**, through organising fundraising events and donations.

We increased rates across our savings products to better reward members as bank base rate increased and the UK retail savings market responded.

The Society's mortgage book has grown by £4.5m (3%)

with the Society's mortgage assets under management now over £150m.

Funding has decreased by £6.3m, driven primarily by members moving funds during the retail savings market volatility seen in the second half of the year.

Employee numbers increased as the Society invested in experience and expertise in key areas.

As a consequence of funding decreases, balance sheet efficiency improved as the amount of liquidity held by the Building Society reduced from £60.1m to £46.6m (still comfortably within the Society's liquidity risk appetite).

Capital continues to grow steadily helping to protect the Society in challenging economic times.

As a Board, we are focussed on growing our Society for the future

Chair's Statement

for the year ended 31 December 2022

I am very pleased to report that in 2022, by continuing to focus on the Society's purpose and our Building Better Futures strategy, we have delivered another very strong set of financial results. New lending was particularly impressive, achieving record levels and Profit Before Tax was a very healthy £759,000. More importantly, however, the Society has continued to invest in people, our branch and processes which place us in a position where we can continue to build our service to members into the future.

This is my final report to you as the Beverley Society Chair, as I will be stepping down on 20 February 2023. I have felt privileged to serve on Beverley's Board since 2018 and to have been asked to lead the development of the Society's strategic priorities and to further develop and strengthen your Board. As part of this, and following a robust selection process, one of the Board members recruited during my Chairmanship will succeed me. Karen Wint, our current Risk Committee Chair, has been proposed as the new Chair of the Board and I strongly recommend her to you. I believe Karen will serve the Society and our members very well.

I am also particularly delighted to see Janet Bedford, who served previously as our Deputy CEO, well established and leading the Society's growth as your Chief Executive Officer and leading our team at the Beverley.

Purpose, Strategy & Financial Performance

Beverley Building Society, founded over 155 years ago, has remained committed to its mutual business model and regional purpose, that is:

- To help customers, sometimes underserved by the mainstream mortgage market, to be able to buy, build or stay in their homes, by using a skilled team of mortgage underwriters, to individually assess each case.
- To help members save to enable them to achieve their financial objectives, by offering consistent, transparent and good value savings products.
- By offering friendly, exceptional personal face-to-face service. In a post covid world, where increasingly services are automated and opening hours are short, we are open, here to listen and flexible to our member's individual needs. Our members are always assured of a warm welcome into the branch.
- To give back and support our community and region, to enable it to be an even better place to live.

Whilst the building society model is a simple one, in recent years changes to technology, rising costs and increasing competitive pressure has meant there is a need to grow, in order to really thrive. As a Board, we are focussed on growing our Society for the future, with particular emphasis in 2022 of increasing our mortgage portfolio and our net interest margin. Increasing our scale of lending and margin has helped us to invest in our service and to balance rising costs. I am therefore pleased to report that we have increased new mortgage lending by a very significant amount, achieving 80% growth in new lending in 2022 (new lending of £35m v £19m in 2021). In growing our lending, we have helped members, including first time buyers, and those who are self employed, retired or wishing to build their own homes.

This growth in portfolio, together with margin management, has meant that we have continued to maintain our higher levels of profitability at £759,000 (2021: £756,000), and to commit a higher level of investment in the Society, as set out in the CEO report.

As a mutual, we do not pay dividends and are able therefore to re-invest this money back into building financial strength and helping our membership and community. In line with our purpose, we have helped members by absorbing some of the impacts of the base rate increase for our mortgage customers and maintaining saving rates well above the market average for our saving membership. Equally we have supported Beverley Cherry Tree Centre the Society's chosen charity of the year with £9,250 of support, through organising fundraising events and donations. We are exceptionally proud to support the centre, which provides the Beverley region with free advice on money, housing and employment, food to families in need and the provision of a pre-school nursery and youth club.

We recognise that we are entering a very challenging period, a rapid increase in bank base rate combined with sharply rising inflation has placed pressure on finances and is a concern to many. We will continue to look for ways in 2023 to ensure we are supporting our members and community.

Changes to the Board

A critical element of effective governance is succession planning, ensuring that we continue to have the necessary skills and capabilities in our Executive and Non-Executive Directors that we need to meet our obligations and serve our members' interests. This has been a particular focus for me during my tenure and, during the year, there has been several changes within the Board.

In April 2022, as reported at our AGM, Janet Bedford, our Finance Director and Deputy Chief Executive stepped up to become Chief Executive (CEO) after Karl Elliott retired. Janet's promotion is a particularly important step for the Beverley and she brings knowledge, skill and a very high level of commitment to the role. A planned succession saw Oliver Laird replace Mike Heenan as Chair of our Audit and Compliance Committee. Mike retired from the Board in April having served the Society with distinction, both as acting CEO and then Non-Executive Director, for 12 years. Sue Symington, the Chair of the People and Culture Committee and the Senior Independent Director, left the Society at the end of December 2022 after 9 years of outstanding service. I want to thank Karl, Mike and Sue for their fantastic commitment and contribution to the Society.

Christopher White has joined the Board as Chief Financial Officer in August, a chartered accountant with significant financial and executive experience in the building society sector. Christopher has already made a strong contribution in his short time with the Society and is a great addition to the Society' senior leadership team.

Given the changes to the Board brought about by Sue and myself stepping down, we have spent time during the year to select candidates with suitable skills to join the Board. I'm delighted that following a thorough process supported by our search advisers, Warren Partners, we have recruited to the Board an exceptional cohort of non-executive directors. In 2023 they will take on additional responsibilities, as outlined below:

Barry Meeks is a Chartered Director and an experienced financial services Director, senior independent director and committee chair, with specific expertise in mortgages and banking. He will become the Society's Senior Independent Director from January 2023.

Mark Robinson, previously the very successful CEO at the Market Harborough Building Society, has significant experience in lending, distribution, IT infrastructure and culture development. He will take on the role as Risk Committee Chair in February 2023 when Karen Wint steps into the Board Chair role.

Bob Andrews, current CEO of mutual Benenden Health, brings strength in strategy and growing businesses, governance, culture change and brand development. He will take on the role as Chair of People and Culture from January 2023.

Stephen Smith has 40 years relevant experience in mortgage market distribution and driving growth strategies. Stephen takes on the role of non-executive Director with additional responsibilities of being our Consumer Duty Champion.

As such, your Board recommends all new executive and non-executive Directors to members for approval.

Finally, I would like to thank all of our Society colleagues for their incredible commitment and work. Member feedback tells us clearly that it is our people who take the time to listen and respond to members, that make the Beverley different. I would like to extend my heartfelt gratitude to our members, my Board colleagues and community partners for their invaluable ongoing support for the Society.

My sincere thanks for allowing me the honour to serve as your Chairman.

Stuart Purdy
Chair

20 February 2023

We have continued to support our region, to ensure it continues to be a vibrant place to live

Chief Executive's Review

for the year ended 31 December 2022

2022 has proved a politically and economically volatile year for the UK, few would have predicted last January that we would have had three prime ministers, UK Inflation would have reached double digits and there would be eight increases in the base rate by the end of the year. In this time of turbulence, it seems more important than ever that member-centric organisations, such as Beverley Building Society, exist and remain financially strong.

I am therefore hugely proud, in my first year as CEO, to report that the Society has navigated this challenging environment and produced a strong set of results, with profit, capital and new lending volumes all at a decade high position. I also want to say a personal thank you to my colleagues, who have worked exceptionally hard both to deliver the financial result, but as importantly, as reinforced by our feedback, an exceptional level of customer satisfaction.

Our purpose, as set out in the Chair's statement, remains even more relevant in these challenging times. As the economic environment worsens, our financial lives tend to become more complex. It is more important than ever therefore we take the time to listen and understand our members individual circumstances. In 2022, for example, we were delighted to win the Mortgage Provider of the Year in the Yorkshire Finance Awards, which recognised the Society particularly for our support for borrowers during the uncertainty of the pandemic and concluded that we are "an example that must be followed."

The UK economy, mortgage and savings markets

As UK inflation has reached the highest level in four decades, driven predominantly by energy costs and the impact of the Ukraine-Russian war, the Bank of England responded with successive base rate increases, raising the cost of borrowing. In this environment, as we tighten our belts in response to the cost-of-living crisis, the growth expectation of the UK economy has started to decline, with a recession widely predicted. On a positive note, however, unemployment has remained and is forecast to remain relatively low, compared to previous recessions.

As you would expect, this economic backdrop has impacted the UK mortgage market. Whilst 2022 started robustly, with mortgage approval numbers back to pre-pandemic levels, the housing market activity weakened during the year and particularly following the 'mini budget', as the pressure on household finances increased. In terms of mortgage supply, as noted in the media, economic and base rate forecast volatility caused many lenders to withdraw their products for periods of time, given the heightened challenge of pricing correctly to reflect the rapid changes in the funding and risk environment.

Similarly, growth in UK house prices has started to slow after the strong increases in the first half of 2022. House prices are widely predicted to reduce in 2023, the Nationwide Building Society, for example, expects house prices to fall by 5%, offsetting some of the increases seen since the Covid pandemic.

Growth in UK saving balances, meanwhile, have reverted back to pre-covid levels, following the exceptional inflows witnessed during covid lockdown. As inflation continues to rise and the cost of living challenges continue, it is expected that more people will utilise their savings and the UK saving ratio will fall. Savings accounts, especially those such as the Beverley's which are backed by the Financial Service Compensation Scheme, represent a safe haven for investors in an economically uncertain world. Whilst for savers it is good news that the UK savings rates are finally increasing, this is against a backdrop of exceptionally high inflation.

Financial Performance

The Society continues to record healthy pre-tax profits, which reached £759,000 in 2022 (2021: £756,000), in addition to undertaking high levels of investment in people, technology and premise refurbishment, to enable future growth. Profit has been generated due to the increase in the mortgage portfolio and further continual improvements in our net interest margin.

As a mutual, rather than maximising profit, we are seeking to balance value for our membership and community with achieving a level of profitability to retain a robust capital position, which protects the Society in challenging economic conditions. This year's increase in profit has led to the Society's total capital ratio reaching a decade high position of over 19%, a very secure position as we enter turbulent economic times. The Society also has substantial headroom against our regulatory minimum capital requirements.

At the same time in 2022 we have sought to protect our membership, for example:

- our existing borrowers, by absorbing some of the increase in base rate by passing on only 2.15% of the 3.40% move by the Bank of England, into our standard variable mortgage rate.
- our saving members, by ensuring we responded to changes in bank base rate and the UK retail savings market increasing rates across out savings products through the year.

Further detail on the Society's financial position and year on year performance is contained in the Directors Report on page 10.

Mortgage Lending

Growth in our mortgage lending has been a particular strategic focus and we welcomed our first Head of New Lending, Simon Glass, at the start of the year. Whilst the pipeline started relatively low in 2022, our mortgage applications picked up significantly, particularly in the latter half of the year. By ensuring our products remain highly relevant to our target market, moving with increased agility and consistently communicating to our market why we are different, we have advanced £35m of new mortgages, an 80% increase on prior year (2021: £19m). At the same time, we made strong progress in reducing the risk in our legacy commercial portfolio, including through a series of planned disposals of our properties held in possession. The net impact has led to a total gross mortgage portfolio of £151m, representing a 3% growth.

As a Board, we are focussed not only around generating additional mortgage volumes from the broker market, but as importantly by lending directly to members. This focus has meant that in addition to our Head of New Lending supporting a doubling in broker mortgage cases, we have also grown our direct to customer business by 40%, supported by our first regional digital advertising campaign, to increase brand awareness. Whilst the Society is a national mortgage lender, the majority of our mortgage portfolio remains within our heartland of Yorkshire and Humberside.

In line with our founding principles, we support customers who may not fit all the mainstream automated mortgage lending "boxes", around half our lending this year for example was to the self-employed. In the year, we also launched our new property assist mortgage under our inter-generational product range, recognising the difficulties of people wanting to step onto the housing ladder, given the challenges of saving for a deposit in the current environment.

Despite the difficult financial environment, our arrears position as outlined in the Directors' Report, remains very low, demonstrating the underlying quality of the Society's mortgage portfolio as a result of our prudent lending policy and careful management of members in financial difficulty. We are, however, mindful that the growing cost of living and potential for rising interest rates will be top-of -mind for some borrowers in the months ahead. We have increased the number of staff we have focused on supporting customers in financial difficulty in recent years, to stand ready to support borrowers where appropriate.

Similarly, members should be reassured given house prices are predicted to fall in the coming year, our average loan to value ratio (LTV) has remained at 31%, due to prudent lending and the sale of our commercial properties held in possession. This very low LTV significantly protects the Society from potential future losses.

Finally, as outlined in the Directors' report, given the importance we place on excellent customer service and ensuring our products remain relevant, a key performance metric is the number of customers who decide to remain with the Society when the mortgage schemes period had come to an end, which has remained at exceptionally high levels at 76% (2021: 81%)

Savings

We continue to operate a simple building society funding model, unlike many in the sector the Society holds no wholesale or Government term funding. Our mortgage book is therefore almost 100% funded by customer savings.

During the covid pandemic, as noted above, UK savings balances reached exceptional levels, as the UK reduced spending during lockdown. As a result we received historically high levels of savings and liquid assets in 2021, as the Board made a decision to keep savings accounts open, to support members.

In 2022, however, as saving habits returned to normal, we saw this position re-normalise as customers started to resume more normal spending habits and saving balances have reduced. In addition, in the second half of 2022, there was also significantly more movement in the savings market.

In an increasingly automated, digital world of savings we remain committed to providing a personal friendly service to members in our branch. We have invested heavily in our branch infrastructure, re-roofing and refurbishing the whole premises. We are also one of the few financial institutions in Beverley that has returned to pre covid branch opening hours, recognising our members value both face-to-face service and an ability to access their savings at a time of their convenience.

Investment in People and Technology

Central to our 'Building Better Futures' strategy, is ensuring we listen, understand and respond to our members individual needs. As we grow, we have therefore recruited additional colleagues to support current and future growth. The 'movers and shakers' section of our members booklet gives an insight into some of the dedicated colleagues who form your Society.

In addition to investing in our branch, we continue to adopt technology and systems to increase our efficiency and continuously improve our operational resilience. In 2022, for example we have invested to bring further improvements in our cyber resilience and fraud and customer credit data monitoring tools.

Community

A key strand to our purpose is to give back to our region, therefore we have been delighted to support the Beverley Cherry Tree Community Centre as our Charity of the Year. Cherry Tree provides a vital lifeline for families, through services that include a Pantry, Youth Club and free advice on money, housing and employment. We also want to give a massive thank you to our membership, which have got behind our fundraising initiatives, from an exercise bike challenge to our first Golf Day, we have managed to raise over £9,250 with your help. In 2022 we have also enabled colleagues to dedicate two working days a year to local charitable causes, including at the Community Centre.

Looking ahead, in 2023 we are proud to be supporting Dove House Hospice, in East Hull, as our charity of the year. A well-loved institution in our region, the hospice looks after patients and their families as they navigate their way through life-limiting illness and bereavement.

In addition to the above we have continued to support our region, to ensure it continues to be a vibrant place to live. From supporting valued institutions which rely on donations, such as East Riding Theatre, to important causes such as the Viking Radio Cash for Kids Mission Christmas appeal.

Climate Change

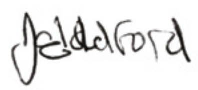
As a Board we are committed to being a responsible business. We have invested to ensure we understand and plan for both the challenges that climate change presents to our existing and future members and the physical and transitional risks. We support the drive towards a zero-carbon society by not only actively seeking to reduce our own carbon footprint, but also by offsetting the emissions caused by the Society and its operations and indirect emissions created as a result of our energy usage.

Looking Ahead

Whilst recognising the potential economic and housing market challenges ahead, we remain confident that our purpose and relevance to members and the wider market is strong. As highlighted above, with a growing, lower risk mortgage portfolio, a healthy mortgage pipeline and a robust capital position, the Society is exceptionally well placed to steer through any difficult times to come.

We are an ambitious organisation and aim to accomplish much in the coming years. Our focus will be on, continuing to grow and adopting new technology to increase our efficiency in order to enable more focus on customer service. We will always challenge ourselves to make an ever-increasing difference to the communities we serve. By delivering our purpose, we believe we are building better futures for our members, partners and the communities we serve.

Janet Bedford
Chief Executive Officer



20 February 2023

Board of Directors

for the year ended 31 December 2022

Janet Bedford
Chief Executive Officer

Formerly Deputy Chief Executive and Financial Director, Janet succeeds Karl Elliot, as CEO and has overall responsibility for the Society's performance, including financial, regulatory, risk and people management. A Chartered Accountant, with extensive senior leadership experience in financial services, she has been instrumental in building the Society's level of profitability, capital and liquidity.

Mark Marsden
Risk Director

With over 20 years' retail lending and deposit-taking experience, Mark is responsible for overseeing the overall management of the Society's risk control framework and risk appetite and holds the positions of Money Laundering Reporting Officer and Data Protection Officer. In addition to providing risk reports to the Board, Mark oversees the financial risks associated with climate change.

Christopher White
Chief Financial Officer

Christopher joined us as Chief Financial Officer (CFO) in 2022, filling the role vacated by Janet Bedford. Christopher brings with him a wealth of financial services and building society sector experience. In addition to overseeing the Finance Department, Christopher has responsibility for HR, IT and the Society's Change programme.

Stuart Purdy
Non-Executive Director, Chair

Stuart steps down as our Chair in 2023, after joining the Board in 2018 and successfully leading the Board since 2019. Stuart, an experienced non-executive and chairman, has focussed on modernising the Society as well as developing the strength and depth of the Society at a non-executive and executive level. We wish Stuart well for the future.

Karen Wint
Non-Executive Director, Chair elect

Karen is our new Chair, taking over the role from Stuart Purdy. She has previously chaired the Risk Committee and been a Member of the Audit and Compliance Committee. Her career spanning 30 years in the building society sector drives her passion for the mutual model. As Chair, Karen will also be a Member of the People and Culture Committee.

Bob Andrews
Non-Executive Director

With 35 years in Financial Services primarily in the banking, mortgage and insurance sectors, Bob's strengths are in strategy and growth, governance, culture change and brand development. Working with business leaders to develop operational excellence, he is our People and Culture Chair, Whistleblowing Champion and a Member of the Risk Committee.

Oliver Laird
Non-Executive Director

Oliver is an experienced Chief Financial Officer with significant public and private sector experience, including retail financial services. He has previously held senior roles at Lloyds Banking Group, Co-Operative Financial Services and was Finance Director at First Direct Bank. Oliver is Chair of our Audit & Compliance and Risk Committees.

Barry Meeks
Non-Executive Director

Barry is a Chartered Director, an experienced financial services NED, senior independent director and committee chair, with specific expertise in mortgages and banking. With over 20 years' experience in the building society sector, he understands regulatory interaction and risk/governance. Barry replaces Sue Symington, as Senior Independent Director, who deputises for the Chair in their absence.

Mark Robinson
Non-Executive Director

Mark's relevant background in niche lending, distribution, IT infrastructure and culture development, complements his board level leadership experience, predominantly in the mutual sector. He also possesses a strong understanding of risk, compliance, and regulatory relationship management. Mark replaces Karen Wint as Chair of the Risk Committee and is a Member of the Audit Committee.

Stephen Smith
Non-Executive Director

With 40 years' experience in the financial services sector, mainly leading property-related retail businesses for a major UK financial services provider, Stephen has practical expertise of mortgage market distribution, driving growth strategies and an understanding of targeted customer marketing. He is a Member of the Risk Committee and People & Culture Committee.

Directors' Report

for the year ended 31 December 2022

The Directors have pleasure in presenting their Annual Report, together with the Audited Accounts and Annual Business Statement for the year ended 31 December 2022.

Business objectives and activities

The Society's business objectives and principal activities are to help families, particularly in our region, achieve affordable home ownership through the provision of mortgage finance, funded primarily by local savings.

The Society intends to remain an independent local Society that plays an active role in its community, providing exceptional personal service and care, underpinned by its experience and expertise.

Its primary financial objective is to grow and manage the business, to ensure long term sustainability.

Business Review and Results for the year

The Economy

The UK economy has continued, through 2022, to be volatile and uncertain. There has been significant domestic political instability in the year, the Russian invasion of Ukraine has put pressure on energy and food costs and the UK has continued to see tailwind impacts from the pandemic. Inflation (consumer price inflation, CPI) reached a 40 year high of over 11% and the pound reached an all time low of $1.03 against the dollar.

Following the first increase in the Bank Base Rate in December 2021, the Bank of England's Monetary Policy Committee (MPC) increased bank base rates a further eight times in the year to 3.5% - a 14 year high. The rate has increased even further already in 2023 to 4.0%. The increases in the bank rate had significant impacts on the markets in which the Society operates, the retail savings market and the UK mortgage market.

As Bank Base Rate increased rapidly in the year, pricing across the UK mortgage market also rose sharply. The number of mortgage products available in the UK contracted significantly as all mortgage lenders struggled to re-price products in a volatile market. Beverley Building Society worked hard to ensure it was able to offer competitive products to customers through this period with a particular focus on ensuring competitive products were offered to existing members reaching the end of existing mortgage deals. The Society also absorbed the costs of increases to the Bank Base Rate where possible, only passing on 2.15% of the total 3.40% increases in bank base rate, to its Standard Variable Rate (SVR) for mortgages. Whilst some increases in our SVR were necessary, this action limited the increase to our members monthly mortgage payments at a time when all households are feeling the pressure of increasing costs.

The increases in bank base rate also ended the long-term period of ultra-low bank base rates which, before 2022, had been at or below 0.5% since 2009. This has facilitated the Beverley, offering higher rates on savings products to members. As a result, we have been able to make significant increases across our full range of products including moving our Cash ISA and Junior ISA to among the most competitively priced ISA products in the UK in early 2023.

Economic Outlook

Whilst it is expected that interest rates will increase further in 2023 it is generally thought that inflation will start to fall as a result of the actions already taken by the Bank of England during 2022. As a result the Bank should not need to make many increases to the base rate this year. Nonetheless, the UK is expected to enter a period of recession and house prices are expected to see some decline after a long period of significant gain. Increased bank base rates and higher costs in general are likely to cause economic hardship for some in 2023 and Beverley Building Society stands ready to support its members where possible. As always, our staff are ready to speak to our members face to face at our Branch in central Beverley and over the phone – our contact details are given on the back page of this document.

Business Performance

As a mutual, the Society does not pay shareholders dividends. Profit is therefore re-invested back into reserves, building financial strength and providing long term resilience for members' benefit.

Key Points

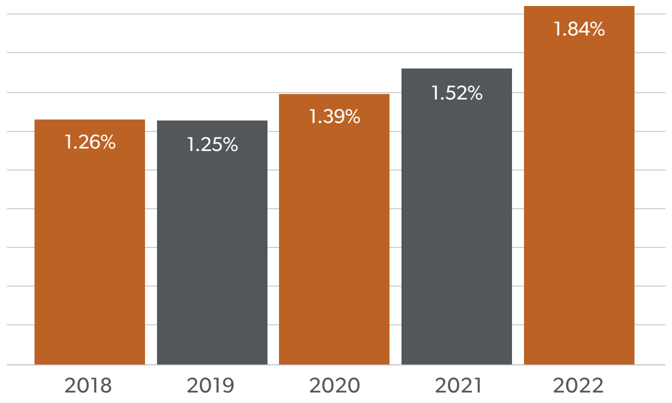
- Profit before tax of £759,000 (2021: £756,000), maintaining the improved level of profitability achieved by the Society in 2021,
- Growth in profitability has been driven by increased income from mortgages and investments partly offset by increased interest payable paid to savings members,
- The mortgage book has grown by £4.5m (3%) with the Society mortgage book now over £150m,
- Balance sheet efficiency improved by reducing the amount of liquidity held by the building Society from £60.1m to £46.6m,
- Funding has decreased by £6.3m, driven primarily by members moving funds during the retail savings market volatility seen in the second half of the year, and
- Capital continues to grow steadily helping to protect the Society in challenging economic times.

Profitability and Margin:

The Society's income from mortgages and the interest payable to savings members was significantly impacted in 2022 by the changes to bank base rate and the resulting adjustments in the mortgage and retail savings market (as described above). As Bank Base rate increased, the Society was able to increase the rate payable to its savers, as the retail market responded to increases in bank base rate. This resulted in the interest payable costs for the Society increasing from £696,000 in 2021 to £1,275,000 in 2022. At the same time, as we increased interest payable costs, and as UK mortgage market rates increased, the Society needed to increase its SVR and associated variable mortgage product rates as well as its 'on sale' mortgage product rates. As described above, where possible, the Society absorbed increased costs by not passing on some of the increases in BBR to its SVR. Nonetheless, some increases were necessary resulting in an increase in the interest from mortgages to £4.21m (2021: £3.85m). Income from investments also increased in the year to £760,000 (2021: £48,000) as the Society was able to make a better return on its liquid funds in the higher interest rate environment. As a result of these movements, the Society's net interest margin improved through the year from 1.52% to 1.84% and the Society's net interest income increased to £3.74m (2021: £3.16m).

Net Interest Margin

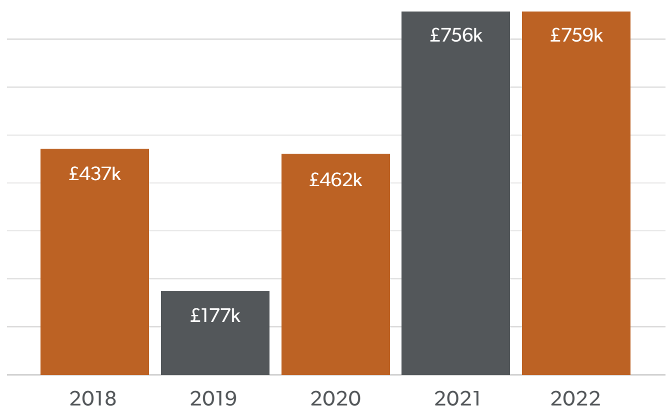
(Net interest income as a percentage of mean assets.)



Administrative expenses have increased significantly in the year to £2.8m (2021: £2.3m). This is a result of a range of one-off costs incurred in the year, such as recruitment costs, as well as the impacts of high inflation starting to impact the Society's cost lines. As a result, the Society's management expense ratio has increased in the year to 1.43 (2021: 1.16) and the Society's cost / income ratio moved up to 76.2% (2021: 73.7%). The Society also added £119,000 to the provisioning against its overall mortgage book (2021: £56,000). These additions to provisioning were mostly against legacy commercial properties reflecting the increased risk in the UK economy in which these commercial enterprises operate.

As a result of the increase in net interest income margin, offset partly by increases in administrative expenses and provisioning, the Society's profit before tax (PBT) for 2022 was in line with the prior year at £759k (2021: £756k).

Profit before Tax (£)



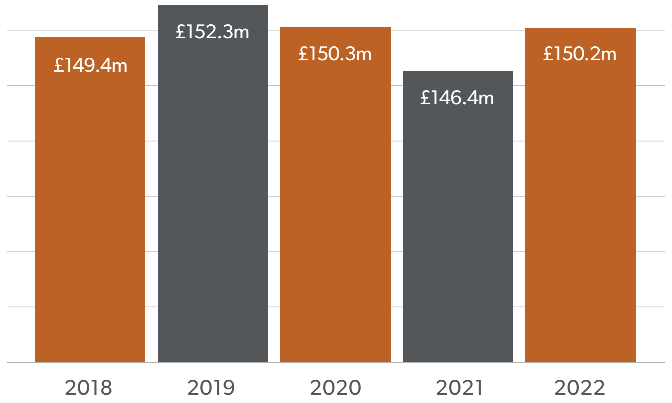
Balance Sheet

Loans and Advances

During the year the Society lent £34.7m of mortgages (2020: £19.3m) and retained 76% of residential mortgage schemes that had come to the end of their mortgage scheme period (2021: 81%). This supported the Society's mortgage book to grow in the year from £145.7m to £150.2m, growth of 3.1%. The growth in the overall mortgage book in 2022 is a positive outcome for the Society following 2 years where the mortgage book slightly contracted. The growth in the amount of mortgage lending in the period also shows the Society's ability to provide mortgage products and offerings that serve existing and future members well, even in challenging and volatile economic and market conditions.

Total Mortgage Balances

(gross of mortgage loss provision)



Whilst successfully growing the overall mortgage book the Society was also able, in 2022 to reduce its exposure to higher risk legacy loans by disposing of 3 properties previously held in possession and a larger legacy commercial loan previously provided for.

At the year end, there were outstanding mortgage commitments of £15.6m (2021: £4.8m). This is a strong pipeline for the Society's mortgage business and means the Society starts 2023 on a positive trajectory.

Liquidity

Liquidity reduced to £46.6m at year end from £60.1m at the beginning of the year. This represented a reduction as a proportion of the Society's savings balances from 30.9% of SDLs (Shares, Deposits and Liabilities) to 25.9%. This shift in asset mix makes the Society's balance sheet structure more efficient whilst balancing the Society's requirement to hold sufficient liquid funds to meet business cashflow requirements.

Shares and Borrowings

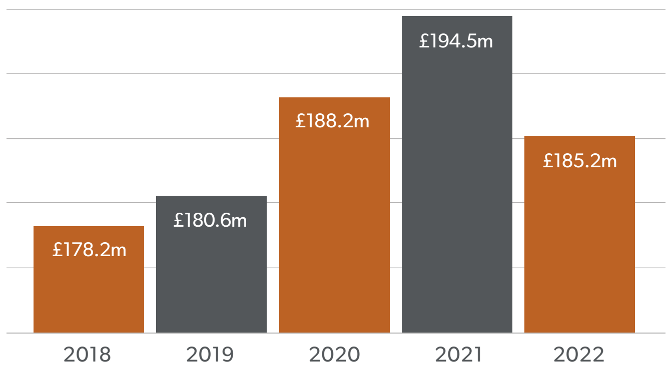
The Society offers straightforward saving products, which offer good value and transparent savings rates. In line with our values, all members are offered the same rate for the same product.

The Society saw significant growth in the Society's shares and deposits balances in 2021, in line with the wider market during the pandemic. In 2022, the Society has seen contraction in the share and deposits balances, from £194.5m at 2021 year end to £185.2m at the end of 2022, for a number of reasons. Firstly, following the pandemic, savers have looked to access cash and savings balances both to complete planned expenditure paused during the pandemic but also, more recently, as the cost of living crisis has put increased pressure on household costs and budgeting. Secondly, the savings market saw significant volatility in the second half of 2022 and the return available to savers increased significantly and quickly. This is fantastic news for savers after a sustained period of low interest rates driven by the low bank base rate. During this period the volume of money movements across the UK retail savings market increased significantly and the Society saw some outflows through this period. The Society's savings products remain highly competitive, and we are always developing our savings range and looking for ways and products that could help serve our members' financial needs. As a result, we will launch a new 45-day notice account in early 2023 looking to help members with savings balances they are comfortable putting on a short notice period to attract a better rate.

Directors' Report

continued

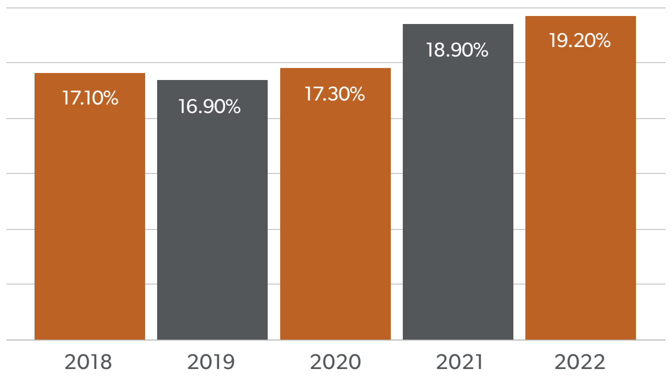
Shares and Borrowings (£'m)



Capital

Capital is a key measure of the Society's financial strength and is primarily comprised of accumulated profits. Capital supports growth and protects the business against its principal risks. Total capital as a percentage of Risk Weighted Assets (RWA) has increased substantially over the five-year horizon, due to strong profitability and reducing risk within the asset base (as measured by RWA).

Total Capital Ratio



The minimum regulatory capital requirement for the Society remains at 8.0% of the Society's risk weighted assets. This is unchanged from the requirement in place at the prior year end as set by the Prudential Regulation Authority (PRA) as part of their capital review that was conducted in December 2020.

The Society's capital position is set out in more detail in its Pillar 3 disclosure document. The 2022 document will be available on the Society's website from April 2023.

Principal Risks and Uncertainties

Similar to all businesses, the Society operates in an environment that contains financial risks. As a result of its normal business activities, the Society is exposed to a variety of risks, the most significant of which are conduct, operational risk, credit risk, interest rate and liquidity risk. The Society has established a number of committees and policies to manage these risks. The role of these committees is described in the Corporate Governance Report. The financial risk management objectives and policies of the Society to cover this risk are described in the Risk Management Report. The Society aims to manage appropriately the risks that arise from its activities and the Board maintains risk appetite statements which are embedded in specific risk management policy statements and promotes a culture and philosophy that reflects an awareness and management of actual and potential risk exposures.

Whilst the Society is a relatively straightforward financial service organisation, we inevitably face challenges that present risks to the delivery of our strategic and financial objectives. These risks and uncertainties, the expected impact they have and how we mitigate against them, are summarised below.

Macro-Economic Challenges

The economic and market volatility seen in 2022 and the level of uncertainty as we look towards 2023 is described within the Business Review on page 10. This review highlights the cost of living crisis, due primarily to the Russian invasion of Ukraine increasing global energy and food costs, and the significant changes to monetary policy and bank base rate in the UK in 2022. The key financial risks connected to these current economic challenges include:

Elevated credit risk

The Society recognises that during an economic downturn, particularly one with high inflation, our members' ability to meet mortgage payments is put under increased pressure. This may be driven by increased costs but also by an increase in national unemployment levels. Furthermore, the average price of housing is expected to reduce in 2023 with the UK House Price Index (HPI) expected to fall after a sustained period of yearly increases. The combination of falling house prices and the potential for future customer defaults increases the credit risk the Society faces.

Overall, the Society's low loan to value (LTV) mortgage portfolio and customer profile, concentrated in areas such as later life lending, is well protected from credit loss. The Society has also been successful in recent years in reducing the exposure to the risk from areas of elevated credit risk, such as the legacy commercial mortgage portfolio. The Society regularly reviews the assumptions used to ensure provisions for credit risk are appropriate for both residential and commercial mortgages and this has been an area of significant focus for the Society's external auditors, PwC, as outlined in their Independent Audit Report on page 28. The Society's position with regards to provisioning is outlined within the Risk Management Report on page 15 as well as Note 10 to the accounts.

The credit risk of the Society is regularly reviewed by the Board and specifically assessed within stress scenarios undertaken within the Internal Capital Adequacy Assessment Process (ICAAP).

Lending Targets

Transactions in the UK mortgage market slowed in late 2022 with some market expectations forecasting new mortgage lending will fall by as much as 15% in 2023 (UK Finance). Given the Society lending targets make up a very small component of the overall market and are concentrated within specialist niche lending areas, the impact of the market contraction is expected to have a more limited impact on the Society. Furthermore, the Society believes that during a challenging economic period there will be increased demand for its manual underwriting approach ensuring the individual merits and circumstances of each customer are carefully considered. As a result, the Directors believe the Society to be well placed to weather a challenging mortgage market in the coming year.

Margin Pressure

Increases in the UK Bank Base Rate (BBR) in 2021 and 2022 have helped the Society to increase the rate it offers its savings members after a long period of lower returns across the UK retail savings market. As the Society's interest costs rise the Society must carefully manage its margin. The Society, in 2022, along with other lenders in the UK, increased the price of mortgages it offers to new customers as well as its Standard Variable Rate (SVR). As outlined previously, the Society absorbed increases where possible, only passing on 2.15% to its SVR (of the total 3.40% increase in bank base rate) thereby limiting increases in customers' monthly mortgage payments. The Society has successfully managed its margin through very volatile markets and significant changes in bank base rate through 2022 with net interest margin (net interest income as a percentage of mean assets) improving through the year.

Further Bank Base rate increases are expected in 2023 with most economists and market commentators expecting bank base rate to peak somewhere between 4.0% and 4.5%. The Society's ALCO Committee will continue to monitor and oversee the Society's margin position with the Society setting asset and liability pricing through financial modelling and assessment of market activity and positioning.

The Society has completed financial assessments to monitor the impact of different outcomes of bank base rate and retail and mortgage pricing within its annual planning cycle and continues to monitor this risk through its ALCO Committee. The Directors believe the Society has adequate tools to monitor and control this risk.

IT and Cyber risks

The Society, alongside all businesses that have met the challenges of the pandemic, has demonstrated a strong capability to manage unprecedented challenges to operational resilience. Throughout this challenging period, all critical and important business services were maintained while providing a safe environment for our staff and customers. During 2022 we have retained a distributed remote working model in accordance with pre-existing business continuity arrangements. Such arrangements are robust and will remain in place in some form for the foreseeable future.

High profile cyber-attacks on both financial and non-financial services institutions have become increasingly common. Improving the levels of protection against such incidents is a priority for the Society's Board. The Society continually reviews its approach to IT software and systems to ensure the Society remains operationally robust and cyber resilient. The Society's business and financial planning continues to include significant investment in key areas to maintain its current strong position and develop and improve where possible.

Liquidity and Funding Risks

The Society has a low-risk treasury model, where non call liquid assets are invested in the Bank of England Reserve account. The Society has reduced the level of liquidity held on balance sheet during 2022 to ensure an efficient and effective balance sheet. The Society reviews the minimum level of liquidity it needs to hold, to meet expected and stressed cashflows within the Internal Liquidity Adequacy Assessment Process (ILAAP) process and regular liquidity stress tests.

The UK retail savings market has become significantly more active in 2022 and is expected to be even more dynamic in 2023. The Society aims to grow its funding base in 2023 to support more local members with their saving goals and recognises that risk exists in sourcing funding in a more active and more competitively priced market. We continue to ensure its range of retail savings products remains competitive and relevant (with new account types being launched early in 2023) and has a clear strategy for sourcing funding outlined within the Society's Corporate Plan and Funding Strategy.

Climate Change Risk

The Society recognises the ever-increasing urgency of understanding and responding to the risks associated with climate change, both in the world as a whole and the markets in which the Society operates. Building on the PRA's regulatory guidance in Supervisory Statement SS3/19 (Enhancing banks' and insurers' approaches to managing the financial risks from climate change) the Society has embedded the management of these risks within its risk management framework. This has included clarifications of key accountabilities, governance arrangement (the Risk Committee leads for the Board), inclusion in the Risk Register, the development of enhanced management information and reporting. The Society has outlined its approach to climate change further in the Risk Management Report on page 15.

Going concern

The Directors, in line with the responsibilities set out on page 26, have satisfied themselves that the Society has adequate resources to continue in business for the foreseeable future and can, therefore, prepare its Annual Report and Accounts on a going concern basis. To support this conclusion the Directors have reviewed the Society's 5-year Financial Plan as well as scenario and stress testing of expected financial outcomes. The Directors have also reviewed specific stress testing of the Society's capital and liquidity positions within its Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). These results indicate the Society has sufficient capital and liquidity to be able to continue in business, even under the stressed scenarios.

The Society's objectives, policies, and processes for managing risk are set out in the Risk Management Report on page 15.

Post Balance Sheet Events

There have been no material balance sheet events identified after the year end date.

Creditor payment policy

The Society's continuing policy concerning the payment of its trade creditors is to pay invoices within the agreed terms of credit once the supplier has discharged its contractual obligations. During 2022, amounts due to relevant creditors of the Society were paid on average within 14 days (2021: 10 days) of receipt of invoice.

Directors' Report

continued

Charitable donations

During the year the Society continued to support local charitable and community organisations in cash and kind. No contributions were made for political purposes.

People

Our policies for human resources are reviewed regularly to ensure the Society attracts and retains high calibre colleagues at all levels. Training and people development remain priorities to ensure the effective and efficient delivery of the Society's services.

It is our policy to apply equality of opportunity to all applications for employment. In the case of disabled applicants, full consideration is given to possible adaptations in the workplace to accommodate individual needs. In the event of an existing member of staff becoming disabled, it is our policy to make suitable adaptations to the environment, and nature of the work, in order to accommodate their individual needs.

On 31 December 2022, our employee profile is 50% female and 50% male. Of our seven current senior leaders – the Society executives and the senior management team – two (29%) are female and five (71%) male. On the Society's Board, two of the Society's directors are female (20%) and eight are male (80%). The Society is committed to promoting diversity, inclusion and gender equality throughout its human resources, recruitment, and people processes. From February 2023, Beverley Building Society will be one of only a small number of UK Building Societies with a female CEO and Chair of the Board.

Health and safety

Our Board of Directors has overall responsibility for understanding health and safety risks. They ensure that all reasonable precautions are taken to provide and maintain working conditions and practices that comply with health and safety requirements and codes of practice, as they relate to the Society.

Directors

Christopher Ben White was appointed as a Director on 18 August 2022 and being eligible offers himself for election.

Robert Kenneth Andrews, Alfred Barrington Meeks, and Stephen Charles Addison Smith were appointed as Directors on 1 September 2022 and being eligible offer themselves for election.

Mark Tyson Robinson was appointed as a Director on 1 October 2022 and being eligible offers himself for election.

None of the Directors have any beneficial interest in the shares of any connected undertaking of the Society.

Terms of Reference

The terms of reference for the following committees are available on the Society's website:

- Board
- People & Culture Committee (including matters relating to Nominations and Remuneration)
- Audit and Compliance Committee
- Risk Committee

Independent auditors

PricewaterhouseCoopers LLP ("PwC") were appointed as external Auditors to the Society at the Annual General Meeting in April 2021. PwC have indicated their willingness to continue in office and a resolution to reappoint PwC as external auditors will be proposed at the annual general meeting of the Society.

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant information of which the Society's Auditors are unaware. Each Director has taken all the steps that they ought to have taken as Directors to make themselves aware of any relevant information and to establish that the Society's Auditors are aware of that information.

On behalf of the Board of Directors.

S E Purdy
Chair

20 February 2023

Risk Management Report

for the year ended 31 December 2022

Risk management objectives and policies

The Society is a retailer of financial products in the form of mortgages and savings and has the ability to use wholesale financial instruments to invest liquid asset balances and manage the risks arising from its operations.

The Society has a risk averse culture and maintains a policy of low exposure to risk so as to maintain public confidence and to allow the achievement of its corporate objectives.

The Society has a formal structure for managing risk, including established risk limits, reporting lines, mandates and other control procedures. This structure is reviewed regularly by the Society's Board of Directors, who are charged with the responsibility of managing and controlling the balance sheet exposure and the use of financial instruments for risk management purposes. The Society has established a number of committees and policies to manage these risks. The role of these committees is described in the Corporate Governance Report on page 20.

Details of the Society's Basel II disclosures for Pillar 3 are available on the website or from the Society on request. For the current year, the Pillar 3 Disclosures have been updated to include revised disclosure requirements set out in revisions to the PRA Rulebook following the UK's implementation of remaining elements of the Capital Requirements Regulation II (CRR II).

Conduct and Operational Risk

Conduct risk is the risk to the delivery of fair customer outcomes. Conduct risk can arise through product design, promotion, sale, fulfilment, and communications.

Operational risk is the risk of loss due to inadequate or failed internal processes, the actions of people, fraud and financial crime, non-compliance with applicable laws and regulations, or external physical events.

The effectiveness of systems and controls for the management of conduct and operational risk is monitored by the Risk Committee. This Committee reviews risk management information including:

- **Key Risk Indicators (KRIs):** Reflecting the overall Risk Appetite, Internal Capital Adequacy Assessment Process (ICAAP) assumptions and policy limits/requirements, KRIs are reviewed to provide an indication of the operating effectiveness of the systems and controls for the management of conduct and operational risk. Operational performance outside normal limits is reviewed in detail to establish any material issues and confirm the adequacy of management responses to address both direct and root causes.
- **Operational risk incidents** (including operational loss data) are reviewed to identify remedial actions and control enhancements which may be required. 'Near misses' are also considered.
- **Complaints data** is considered to ensure there is no evidence of adverse customer outcomes or deficiencies in the Society's responsiveness to complaints. In addition to reviewing internal complaints data the Society reviews experience elsewhere (for example as reported by the Financial Ombudsman Service) with a view to proactive risk reduction.
- **Compliance and risk monitoring results** are monitored to ensure that remedial actions are undertaken on a timely basis.
- **Regulator communications** are reviewed for evidence of any concerns in relation to risk governance or conduct risk.
- **Training Completion Rates and results** are monitored to ensure that our staff have the necessary up to date skills and knowledge to fulfil their roles.
- **The Risk Register** is reviewed at least twice a year to ensure it remains up to date and reflective of the strategic plan and is appropriately reflected in the operational risk capital requirement, assessed in the ICAAP.

In 2022 the Financial Conduct Authority issued the new Consumer Duty standards setting higher and clearer standards of consumer protection across the financial services industry. As a member focussed mutual, the Society has always ensured it treats its members well and fairly with the customer at the centre of the Society's decision making and strategy. Nonetheless, the Society management team have developed a detail plan to deliver and embed the principles of Consumer Duty within the new regulation. The Society has also appointed Stephen Smith as a Board level champion of Consumer Duty to support the Society's management and staff in this key area.

Maintaining and continuously improving the Society's operational resilience, including the confidentiality, integrity and availability of key information systems, and the ability to respond to business disruption and recommence the provision of important business services in a timely manner, is an area of continued focus.

The Society seeks to mitigate operational risk by implementing a strong control environment, supported by a culture that encourages colleagues to engage openly and positively with the Society's Board, senior management and auditors. Operational losses in the last ten years have been low.

Credit Risk – Mortgages

Credit risk is the risk of losses arising from a borrower or counterparty failing to meet its obligations as they fall due.

The effectiveness of systems and controls for the management of credit risk is monitored by the Risk Committee.

In order to help mitigate credit risk, all new lending is assessed against the Lending Policy by experienced colleagues. A full affordability assessment, including an appropriate affordability stress test (currently standard variable rate (SVR) + 2% across all its discounted variable rate products) is completed in all cases, and the separate approvals to Offer and Completion on mortgages enforce 'four eyes' checking, segregation of duties and adherence to Board approved mandates.

The Society lends only on property in England and Wales. All new lending is prime residential to owner occupiers, although the Society does retain some reducing exposure to legacy commercial and buy to let lending.

In certain circumstances the Society uses forbearance measures to assist those borrowers who are experiencing financial difficulty. For example, we may agree to a temporary transfer to interest-only payments in order to reduce a borrower's financial pressures or offer a term extension in specific cases where a borrower has reached the end of their contractual term and have been unable to repay the outstanding principal balance. These measures are managed in accordance with an internal policy statement, which reflects Treating Customers Fairly (TCF) and Consumer Duty principles and regulatory

Risk Management Report

continued

requirements including regulatory guidance on Forbearance and Impairment Provisions. We aim to put our members first in all instances and to support customers achieve positive outcomes whenever we can. In each case an individual assessment is made to establish affordable and sustainable forbearance options, and to ensure that forbearance is in the best interests of both the borrower and the Society. It is expected that the borrower will resume normal payments once they are able.

At 31 December 2022, there were 2 (2021: 4) loan accounts where the securities were in possession or under Law of Property Act Receivership, with a balance outstanding of £505k (2021: £1,536k). These securities are let to generate an income stream and marketed for sale as they become vacant. The remaining two accounts attract a specific impairment provision of £137k (2021: £527k). The reduction in the overall provisioning balance is driven by the disposal during 2022 of three of the properties previously held in possession.

At the year end there were 27 (2021: 27) accounts where forbearance measures were currently exercised; the balance of these accounts amounted to £4.98m (2021: £4.56m), or 3.30% (2021: 3.11%) of mortgage balances. There is £60k (2021: £25k) provision held against forborne accounts, the majority of balances do not require provision due to the low loan-to-values on these properties. The average LTV of the properties under forbearance as at 31 December 2022 was 40.4% (2021: 37.9%).

As noted previously the Society has a low average LTV mortgage portfolio however it does retain a small (<5% of total mortgage book by value) legacy commercial (i.e. mortgages fully secured on land) lending portfolio. Such exposures continue to be carefully managed as they run off, and where appropriate provisions are in place to cover losses. Further details around the composition of the mortgage portfolio and its mortgage provisioning are included in notes 9 and 10 of the accounts.

Credit Risk – Liquidity Counterparties

The Society's Liquidity Policy includes strict criteria for counterparties to ensure that its liquidity investments are both diversified and of a high quality. There are Policy criteria in relation to eligible counterparties, eligible investments, single counterparty exposures and maturity structure. Currently all liquid assets are held with the Bank of England or on call with a clearing bank, to minimise as far as possible, credit risk from liquidity counterparties.

Liquidity risk

Liquidity risk is the risk that the Society is unable to meet its financial obligations as they fall due.

The Society's main liabilities are its retail savings products. The objective of the Society's liquidity risk management policy is to help minimise the risk from any mismatches in the tenure between maturing assets and liabilities, thereby maintaining the strong solvency of the Society. As noted above, the Society's liquid funds are either deposited with the Bank of England or in call accounts with the Society's clearing banks, all of which allow same day access to funds.

Liquidity risk is managed principally by holding an appropriate level of high quality, easily realisable liquid assets. The Board has established an appropriate Liquidity Risk Appetite and Policy Statement, supported by a Contingency Funding Plan.

Liquidity levels and a number of associated lead indicators (for example levels of outflows) are monitored by the Executive team on a daily basis. At 31 December 2022 the Society held £46.6m (2021: £60.1m) of liquid assets, representing 25.9% (2021: 30.9%) of shares and borrowings.

The Society's risk appetite, policies, systems and controls for managing liquidity risk are reviewed by the Risk Committee at least annually and approved by the Board. This review process includes approval of the Society's Liquidity Policy and the Internal Liquidity Adequacy Assessment Process (ILAAP). Regular stress testing is an important part of the liquidity risk management framework. The stress scenarios selected are reviewed regularly. A Contingency Funding Plan is in place to ensure that the Society recognises early any indicators that might suggest a developing liquidity crisis, and prompt specific early actions should this be the case. The adequacy of these arrangements has been independently evaluated through the ILAAP.

Interest rate risk

Interest rate risk in the banking book is the risk of losses arising from a change in interest rates.

The Society continued with some limited fixed rate lending during 2022 with two-year products which it continues to match against fixed bonds of the same duration. Interest rate risk is created if the products are not sufficiently matched. The Board determines its risk appetite for interest rate risk as part of the ICAAP process based on stress tests.

The fixed rate portfolios are currently small (<£15m on either side of the balance sheet), therefore interest rate risk remains limited for the Society. The Society reviews its matching position on both live and pipeline products basis at least monthly.

Basis Risk

Basis risk is the risk of loss arising from assets and liabilities repricing on different interest rate bases. The Society's statement of financial position is priced based on a limited number of interest rate bases.

- Base rate linked assets (tracker mortgages and Bank of England Reserve).
- Administered rate savings and mortgages.
- Fixed rate assets and liabilities.

Basis risk is assessed monthly against the Board's agreed risk appetite, based on both actual and forecast data. The interest rate sensitivity of the Society as at 31 December 2022 is detailed in note 21 to the accounts.

Climate Change Risk

Climate change risks are a combination of:

Physical Risk: the risk of the Society being impacted by climate related events, such as heatwaves, droughts, floods, storms, and sea level rises. These have the potential to lead to financial losses, impaired asset values and reduced creditworthiness of borrowers, and;

Transition Risk: the risks arising from the process of adjustment towards a low-carbon economy. Changes in public policy, technology and consumer sentiment could require reassessment of the value of assets and/or change credit exposures. At present, the Society considers government policy initiatives in relation to housing Energy Performance Certificate (EPC) ratings to be the most material.

The potential physical risks associated from climate change were assessed in 2021 via modelling by an independent third party. Based on a High Emissions Scenario ('RCP 8.5') and modelling to 2060 this suggested that:

- The Society has a slightly above average exposure to securities in flood risk areas; and
- The Society has a lower-than-average exposure to securities in coastal flood and coastal erosion, and to subsidence risk areas.

This reflects the concentration of mortgage lending in Yorkshire and the Humber.

However, when taking into account the low LTV of the portfolio the modelling suggests that the potential losses under this scenario are significantly less than those that arise from severe economic downturns previously modelled and considered in the ICAAP.

The potential transition risk arising from mandatory EPC remediation policies requiring capital investment and potentially 'blighting' low EPC rated securities has also been modelled independently. While the modelling required some informed estimates in the absence of available EPC Ratings for 47% of the Society's mortgage securities, it does suggest that the Society has an above average exposure to properties with lower EPC ratings (categories F or G). The potential impact of mandatory upgrading of these properties to EPC E, EPC C and to their maximum potential was also modelled. While the potential losses in these situations are significantly higher than from physical risks, they remain significantly less than those that arise from severe economic downturns previously modelled and considered in the ICAAP.

The Board recognises that the conclusions of these analyses are critically dependent on the LTV profile and will ensure that this is appropriately considered in new lending plans. The Society has only a small exposure to securities used for commercial purposes and none of these are considered to be businesses with particular exposure to transition risks.

The Board does not consider the changes to the mortgage book during 2022 to have resulted in a material change in the Society's climate change risk.

Directors' Remuneration Report

for the year ended 31 December 2022

This report explains the Society's approach to the remuneration of Executive and Non-Executive Directors detailing the different elements of remuneration paid to individual Directors and the process adopted to set them.

The report also outlines how the Society has regard to the principles in the UK Corporate Governance Code 2018 relating to remuneration alongside the disclosures within the Corporate Governance Report on page 20.

The Procedure for Determining Remuneration

The functions of a Remuneration Committee are discharged by the Society's People & Culture Committee, which consists of three Non-Executive Directors. This Committee focusses on strategic matters which relate to the employment of all colleagues in the Society in particular to the culture of the Society, remuneration and reward, learning & development and Performance Management. This Committee also assumes the role of the Nominations Committee and is therefore also responsible for succession planning and identifying and recruiting candidates for board roles. Further information on the Committee's role with regards to Nominations is given in the Corporate Governance Report on page 20.

The People & Culture Committee is responsible for the Remuneration Policy for all Directors and senior management of the Society and all People & Human Resources associated Polices.

The Committee meets at least 4 times a year. Attendance at meetings by members is shown within the Corporate Governance section of this document. Sue Symington stepped down from the Society Board at the end of 2022 and was succeeded as Chair of the People & Culture Committee by Bob Andrews.

The Society's policy is to set remuneration levels which will attract and retain high calibre Executive and Non-Executive Directors ('NEDs') and senior management. To ensure this is achieved the Committee reviews and benchmarks Executive and Non-Executive packages against supporting evidence from within the building society sector and, where relevant, other comparable industries. The Committee undertakes these reviews at the point of recruitment as well as on a regular basis to ensure remuneration remains suitably competitive to attract and retain colleagues of the necessary calibre. The Society's remuneration of its Executive and Non-Executive Directors is set by the People & Culture Committee, commensurate to the size and scale of the Society as well as its performance and the principles of a mutual organisation.

The individual components of Executive and Non-Executive Directors remuneration are detailed below.

Executive Directors' remuneration

The main components of the Executive Directors' remuneration are:

Basic salary

This takes into account the job content and responsibilities, individual performance (assessed annually) and salary levels for similar positions in comparable organisations. Basic salary for all staff within the Society is reviewed annually and a cost of living increase awarded if appropriate. This annual assessment takes into account inflation through the year.

Pensions

The Society makes contributions equivalent to 10% of basic salary for Executive Directors, to the Society's group defined contribution personal pension plan. To participate in the scheme Directors must contribute 5% of their basic salary.

Other benefits

These include private medical insurance, permanent health insurance and participation in a Group income protection scheme.

Bonus scheme

The Society does not operate any bonus schemes for its Executive Directors or any staff.

Contractual Terms

All current Executive Directors have contractual notice periods of six months and so any termination payment would not exceed six months' salary and accrued benefits. The performance of the Executive Directors is reviewed on an annual basis by the Remuneration Committee.

Payments for Loss of Office

K J D Elliott resigned from the Board on 25 April 2022. In line with the notice and terms set out in his service contract, he was awarded his salary and benefits for a 9-month period. The remuneration paid to K J D Elliott for the period to 31 December 2022 is detailed in the table below alongside other Executive Directors.

Non-Executive Directors' remuneration

The People & Culture Committee, reviews the remuneration of all Non-Executive Directors on an ongoing basis, using external data for other comparable building societies. There are no bonus schemes for Non-Executive Directors, and they do not qualify for pension entitlement or other benefits. Non-Executive Directors do not have service contracts.

Directors' Remuneration Disclosures (audited)

Executive Directors

	Salary £000	Benefits £000	Pension £000	Total £000
For executive services				
2022				
J E Bedford *	137	1	14	152
M Marsden	91	1	9	101
C White - joined August 2022	45	-	4	49
K J D Elliott - resigned April 2022	186	1	-	187
Total	459	3	27	489
2021				
K J D Elliott	169	1	-	170
J E Bedford	117	1	12	130
M Marsden	88	1	9	98
Total	374	3	21	398

* J E Bedford was appointed as CEO in April 2022 having previously acted as the Society's Finance Director.

Non - Executive Directors

	2022 Fees £000	2021 Fees £000
R Andrews - joined September 2022	7	-
M R Heenan - resigned April 2022	6	18
O Laird - joined February 2022	18	-
B Meeks - joined September 2022	7	-
E Morley - resigned September 2021	-	15
R A Pattinson - resigned September 2021	-	14
S Purdy	27	27
M Robinson - joined October 2022	5	-
S Smith - joined September 2022	7	-
S A Symington - resigned December 2022	19	17
K R Wint - joined February 2021	18	16
Total	114	107

PRA and FCA Remuneration Codes

The Society has adopted a Remuneration Policy, which describes how the Society complies with the relevant sections of the Financial Conduct Authority's (FCA) and Prudential Conduct Authority's (PRA) Remuneration Codes. These Remuneration Codes require the Society to disclose the remuneration of a range of staff including Executive Directors, Non-Executives and other senior management, staff engaged in control functions and risk takers whose role has a material impact on the Society's risk profile.

As at 31 December 2022, the Society had 14 staff that were classified as material risk takers (31 December 2021: 9). The increase seen from the prior year is the result of strengthening of the non-executive representation on the Society's Board and promotion and recruitment within the Society's senior management team. Their remuneration for the period is shown in the table below.

Material Risk Takers

	2022 £000	2021 £000
Non-Executive Directors	114	107
Executive Directors	302	398
Other Senior Management	226	174
Total	642	679

The Year Ahead

The People & Culture Committee has set out its agenda of activity for 2023 and intends to focus, in the year ahead, on key areas such as the clarity, transparency and communication of the Society's values, the strength of the Society's employee benefits package and reassessing the Society's suite of human resources materials, policies and performance management tools.

R Andrews
Chair of the People & Culture Committee

20 February 2023

Corporate Governance Report

for the year ended 31 December 2022

The Society has regard to the best practice principles in the UK Corporate Governance Code 2018 issued by the Financial Reporting Council, to the extent that they apply to a building society. The Society has set out, below, its approach to key areas set out within the Corporate Governance code:

1. Board Leadership and Society Purpose

Code Principle: A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.

The board should establish the company's purpose, values, and strategy, and satisfy itself that these and its culture are aligned. All Directors must act with integrity, lead by example, and promote the desired culture.

The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.

In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.

The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

Board Comment: The Board's responsibilities are described in the Society's Rules and within its Terms of Reference which can be found on the Society's website (www.beverleybs.co.uk/about-us-corporate-info). The Board reviews its performance annually.

The Society's purpose and strategic aims are discussed and approved by the Board annually. It then meets regularly to challenge and monitor management performance in delivering the strategy in the interests of the long-term success and sustainability of the Society. Increasingly this includes the effective management of the financial risks associated with climate change.

There are regular Board meetings throughout the year, including topic specific workshops and at least two days focused specifically on strategy. The Non-Executive Directors meet without the Executive Directors present at least twice a year.

Sue Symington was the appointed Senior Independent Director during 2022, providing an alternative channel of communication for Directors, colleagues and members and chairing the meeting where the Chair's performance is appraised. This role has transferred to Barry Meeks from 1 January 2023.

Sue Symington was the appointed Non-Executive Director with specific responsibility for Board engagement with Society staff during 2022. This role has transferred to Bob Andrews from 1 January 2023 aligned with his role chairing the Society's People & Culture Committee.

There are three committees to which the Board delegates the following responsibilities:

i. Audit and Compliance Committee

The Committee, chaired by Oliver Laird, considers regulatory compliance matters, the adequacy of internal controls, reviews reports from both the Society's internal and external auditors and reviews any changes in accounting policy and practice. Meetings are held at least four times a year and the other members of the Committee are Karen Wint, Barry Meeks and Mark Robinson. Further detail on the activities of this Committee are set out in the 'Annual Report of the Audit & Compliance Committee' section of this document.

ii. People & Culture Committee

The People & Culture Committee, chaired by Sue Symington during 2022, meets at least quarterly and:

- independently reviews the remuneration, benefits and contracts of Non-Executive Directors and Executive Directors; and
- reviews the structure, size and composition of the Board. The Committee also gives consideration to succession planning, taking into account the challenges and opportunities facing the Society and therefore the skills and expertise needed.
- reviews HR policies to ensure legislative compliance and alignment with the Society's values and strategic objectives.

Further details can be found in the Directors' Remuneration Report on page 18.

Sue Symington stepped down from the Society Board at the end of 2022 and was succeeded as Chair of the People & Culture Committee by Bob Andrews. The other members of the Committee are Stuart Purdy (Board Chair), Karen Wint, Bob Andrews, Stephen Smith and Barry Meeks.

iii. Risk Committee

The Risk Committee, chaired by Karen Wint, meets at least four times a year. The Committee is responsible for the oversight and challenge of the Society's risk management framework to identify, manage and mitigate key risks faced by the Society. Other members of the Committee are Oliver Laird, Bob Andrews, Mark Robinson and Stephen Smith.

As Karen Wint becomes Chair of the Society in February 2023 she will be succeeded as Chair of the Risk Committee by Mark Robinson.

Board and Committee membership attendance record

The table below shows the number of meetings of the Board and its Committees at which each Director was present and in brackets the number of meetings that Director was eligible and able as a member of the Board and Committee to attend during the year.

	Board	Audit and Compliance	People & Culure	Risk
R K Andrews	3/4	-	0/1	-
J E Bedford	8/8	-	-	-
K J D Elliott	0/3	-	-	-
M R Heenan	2/3	1/1	-	0/1
O W Laird	7/8	3/3	-	4/4
M Marsden	8/8	-	-	-
A B Meeks	4/4	0/1	0/1	-
S E Purdy	7/8	-	5/5	-
M T Robinson	4/4	1/1	-	1/1
S C A Smith	4/4	-	1/1	1/1
S A Symington	8/8	-	5/5	1/3
C B White	4/4	-	-	-
K R Wint	8/8	4/4	5/5	4/4

K J D Elliott resigned from the Board on 25 April 2022

M R Heenan retired from the Board on 25 April 2022

S Symington retired from the Board on 31 December 2022

C B White joined the Board on 8 August 2021

R K Andrews joined the Board on 1 September 2022

A B Meeks joined the Board on 1 September 2022

S C A Smith joined the Board on 1 September 2022

M T Robinson joined the Board on 1 October 2022

O W Laird joined the Board on 10 February 2022

Where required, and in line with the Senior Management Regime rules as set out by the Prudential Regulatory Authority (PRA), changes to senior management functions are subject to regulatory approval. Changes awaiting regulatory approval include the appointment of the Society's Chair (SMF9), the Society's Chair of Risk Committee (SMF10), the Society's Chair of the People & Culture Committee (SMF12 and SMF13) and the Society's Senior Independent Director (SMF14).

2. Division of Responsibilities

Code Principle: The Chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the Chair facilitates constructive board relations and the effective contribution of all non-executive Directors, and ensures that Directors receive accurate, timely and clear information.

The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) Directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.

Non-Executive Directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.

The Board, supported by the Company Secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Board Comment: The Board's responsibilities are described in its Terms of Reference, reviewed annually. All Non-Executive Directors (NED) are considered to be independent.

The Board maintains a comprehensive skills matrix.

There is a majority of NEDs on the Board and each Sub-committee. The role of Chair and CEO are held by separate individuals with a clear division of responsibilities.

A Senior Independent Director has been appointed to support the Chair, act as a secondary liaison point for Directors and complete the annual review of the Chair's performance.

Board and sub-committees review their performance and effectiveness, including their access to Management Information annually.

A minimum time commitment is enshrined in NED Letters of Engagement to ensure NEDs dedicate sufficient time to the Society. Adherence to this is overseen by the Society's Chair and is considered as part of each NEDs annual performance review.

The Board annually reviews its performance and the appropriateness of the policies, processes, information available to the Committee as well as the time and resources available for meetings.

There is no designated Company Secretary, this being considered disproportionate given the size and complexity of the Society. The functions are discharged jointly by the Executive Directors.

Dialogue with Shareholders

As a mutual organisation the Society's membership consists of individuals who are also the Society's customers. The Society is committed to dialogue with members through social media and events attended by Executive and Non-Executive Directors. The purpose of this dialogue is to understand our members and better serve their needs.

Constructive use of the Annual General Meeting (AGM)

Each year the Society sends details of the Annual General Meeting to all members who are entitled to vote. Members are encouraged to vote by completing a proxy form and returning it to the Society by an agreed deadline or by attending the AGM itself, which is held in the early evening to encourage attendance. The Society encourages members to vote by linking the number of votes cast to a donation to charity. All Board members are present at the AGM unless there are exceptional circumstances that prevent attendance. Board members are encouraged to meet with members both before and after the meeting and to answer questions on a formal and informal basis.

The proper conduct of voting at the Annual General Meeting is assured by engaging professional support. For the financial year ending 31 December 2022 this was arranged through Electoral Reform Services.

Corporate Governance Report

continued

3. Composition, Succession and Evaluation

Code Principle: Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.

The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.

Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each Director continues to contribute effectively.

Board Comment: The Society Board is structured as follows:

The Chair

The Chair sets the direction and culture of the Board, facilitating effective contribution from Directors, maintaining constructive relations between Executive and Non-Executive Directors and ensuring that Directors receive accurate, timely and clear advice and information.

Prior to the appointment of the new Chair an assessment to confirm her independence was carried out, in line with the requirements of the UK Corporate Governance Code. This ensured that she had appropriate experience and business knowledge relevant to the Board together with her commitment to enhance the benefits of mutuality for members.

Non-Executive Directors

The Non-Executive role at the Society requires understanding of the risks in the business, commercial leadership within a framework of prudent and effective risk management controls, independently monitoring performance and resources, and developing, scrutinising and constructively challenging strategic proposals, whilst supporting the Executive management.

The Society has appointed a Senior Independent Director who provides support for the Chair and an alternative route for communication from members and staff. Their main responsibilities are to carry out the appraisal of the Chair and to chair meetings when the Chair is unavailable.

On at least a twice-yearly basis a meeting attended by Non-Executive Directors without the Executive Directors present is held. The Senior Independent Director also leads an annual meeting at which the Chair's performance is reviewed without the Chair's attendance.

The Composition of the Board

At 31 December 2022 the Board consisted of three Executive Directors and eight Non-Executive Directors who provide the appropriate mix of skills and professional expertise required. The Board considers that all its Non-Executive Directors are free of any relationship which could prejudice their use of independent judgement.

The Board annually revisits its collective skills, experience and knowledge with reference to a Board Skills Matrix and individual Development Plans are agreed.

Appointments to the Board

Board appointments are managed through the People & Culture Committee. This Committee also maintains succession plans for all senior management and the Board. Recruitment process for Board members involves external support explicitly instructed to seek a diverse range of candidates. Board appointments are limited to 9 years, although some flexibility is allowed where there is demonstrably continued independence of thought and action, and it is considered to be in the best interests of the Society.

The Society values diversity but always makes both Executive and Non-Executive Director appointments on merit, based on the specific skills and experience required to complement existing skills under the succession plan. To this end external search agencies are generally engaged. During 2022 a search for a Chief Financial Officer took place with the assistance of Elevation Recruitment, and a search for additional Non-Executive Directors took place with the assistance of Warren Partners. Neither of these Agencies has any other connection with the Society. The recruitment process was led by the Chair of the People & Culture Committee and led to the appointments of Christopher Ben White as Chief Financial Officer in August 2022, and the appointments of Robert Kenneth Andrews, Alfred Barrington Meeks, Mark Tyson Robinson and Stephen Charles Addison Smith to the Board in the second half of the year. A process was also run in 2022 to appoint the Society's new Chair. This process was led by the Chair of the People & Culture with support from Committee and Board members as well as the assistance of the specialist Executive recruitment firm, Warren Partners. A 'member panel' was also run as part of the process to appoint the Chair to gather feedback and views on candidates from a range of the Society's members.

All Directors must meet the regulatory fitness and propriety standards. The People & Culture Committee leads the process and recommends a candidate. The Board decides whether to appoint the candidate. Each Director must obtain appropriate regulatory approvals prior to fulfilling their control function as a Director. Given the small size of the Society's staffing, the Society has not adopted all detailed elements of the Women in Finance Charter but is committed to having regard to its principles.

Commitment

Directors are informed of the time commitment in the letter of appointment. The People & Culture Committee evaluates the ability of Directors to commit the time required for their role, prior to appointment. The appraisal process carried out by the Chair each year also assesses whether Directors have demonstrated this ability during the year. The attendance record during the year of Board and Committee members is set out on page 21, and Board members' significant other commitments are set out in the Annual Business Statement on pages 56 to 57.

Development

The Society provides a formal induction process for new Directors and maintains a comprehensive Board Skills Matrix. This includes the nature of building societies Directors' responsibilities and duties, the management information they will be provided with and how to interpret this, information on the Society, an overview of the regulatory requirements and details of significant current issues for the Society and the industry. The Chair ensures that Non-Executive Directors continually update their skills and knowledge to fulfil their role on the Board and any Committees.

Individual and collective training and development needs are identified as part of the annual appraisal of the Board and individual Directors' performance and effectiveness. These needs are usually met by attendance at industry seminars and conferences.

Information and Support

The Chair ensures that the Board receives information sufficient to enable it to discharge its responsibilities. The Society continually improves management information to assist the Committees in discharging their terms of reference. The Board has access to independent advice if required.

Evaluation

The Society maintains a comprehensive Board Skills Matrix and the Chair carries out individual appraisals for each Non-Executive Director and the Board as a whole. The Board Skills Matrix is reviewed by the People & Culture Committee. The Board regularly carries out a review of the effectiveness of each committee of the Board. As part of that review recommendations may emerge as to changes in the scope and work of the committees and refreshing their membership.

Re-election

The Society's Rules require all Directors to submit themselves for election by the Members at the first opportunity after their appointment and for re-election every three years thereafter. All new Non-Executive Directors appointed to the Board will not normally serve for more than nine years.

The People & Culture Committee has considered the pros and cons of subjecting all Directors to a process of annual re-election and concluded that this would be disproportionate. It has, however, reviewed the future re-election timetable to ensure the associated key man risk is managed effectively.

4. Audit, Risk and Internal Control

Code Principle: The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements.

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objective.

Board Comment: The Board confirms that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the necessary information for Members and others to assess performance, strategy and the business model of the Society. The responsibilities of the Directors in relation to the preparation of the Society's accounts and the statement are set out separately on page 26. The statement that Society's business is a going concern is contained in the Directors Report on page 10.

The Board is collectively responsible for determining the risk appetite and strategies for risk management and control as described in the Society's Risk Appetite Policy. Senior management is responsible for designing, operating and monitoring risk management systems and controls. Each Board committee has oversight responsibility for the risks and controls within its remit. The Risk Committee assesses the adequacy of the risk related output of this process. The Society's internal auditors, RSM LLP, provide independent assurance to the Audit Committee that the systems are appropriate, and controls effectively applied. The Audit Committee also receives reports on internal controls from the Society's external auditor. Where recommendations for improvements to the Society's controls are identified by a Board Committee these are monitored by senior management and are reported to the appropriate committee.

The Board has conducted an appropriately robust assessment of the principal risks facing the Society, including those that would threaten its business model, future performance, or liquidity. A summary of those principal risks and how they are mitigated is contained in the Directors' Report. The Board concludes that the Society has a strong compliance culture and has reviewed the effectiveness of the systems in place, and the findings of the internal and external auditors.

Audit Committee and Auditors

The Society has an Audit and Compliance Committee currently comprising of four Non-Executive Directors. These Directors have relevant experience and expertise. The Society's external and internal auditors and the Executive Directors and other Senior Management attend by invitation. The responsibilities of the Committee as well as a summary of its activities in the year are set out within the Annual Report of the Audit & Compliance Committee. The Committee meets at least four times a year and, on occasion, the members of the Committee meet with the external and internal auditors without the Executive Directors present.

5. Remuneration

Code Principle: Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy.

A formal and transparent procedure for developing policy on executive remuneration and determining Director and senior management remuneration should be established. No Director should be involved in deciding their own remuneration outcome.

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Board Comment:

The Board's policy is to set remuneration levels which will attract and retain high calibre Executive and Non-Executive Directors ('NEDs') and senior management whilst remaining proportionate to the size and scale of the Society.

The functions of a Remuneration Committee are discharged by the Society's People & Culture Committee, which consists of three Non-Executive Directors. Whilst the Executive Directors attend the People & Culture Committee they take no part in the determination of their own remuneration or reward.

The Directors' Remuneration Report on page 18 gives further information on how the Society determines the remuneration of Directors.

S E Purdy
Chair

20 February 2023

Annual Report of the Audit & Compliance Committee

for the year ended 31 December 2022

The Audit and Compliance Committee (the 'Committee') has been established by the Board of the Society with the primary purpose and responsibility to assist the Board in its oversight responsibilities in audit related areas. To achieve this objective, the Committee considers, in particular, the Society's financial reporting arrangements, the effectiveness of its internal control framework, the internal and external audit processes and the application of the whistleblowing procedures.

Committee Membership

The membership of the Committee comprises of four independent Non-Executive Directors that have been selected for their relevant experience in business, finance and audit. The Committee Chair is Oliver Laird who succeeded Mike Heenan as Chair of the Committee in the year. The other Committee members are Karen Wint, Mark Robinson and Barry Meeks.

Oliver Laird took over as Chair of the Committee in February 2022. Oliver is a Chartered Accountant with significant audit and accounting experience as well as a strong background in financial services. He was joined on the Committee in October 2022 by Mark Robinson and Barry Meeks to further strengthen the Committee.

Further information about the members of the Committee can be found on page 8 and 9 where there are biographies of each Director. The attendance of each Director at the Audit & Compliance Committee can be found on page 21.

Committee Meetings

The Committee meets, at minimum, four times a year. During 2022, the Committee met 4 times (2021, five times).

Regular attendees of the Committee include the Chair of the Society's Board of Directors, the Chief Executive, the Chief Financial Officer and the Risk Director.

The Society's Internal Auditors and External Auditors are invited to all meetings of the Committee. Both the Internal and External Auditors meet with Committee members at the end of each Committee meeting to discuss confidential matters, without Executive management being present.

The minutes of each meeting are distributed to the Board and the Committee Chair provides an update on key matters discussed by the Committee at the next meeting of the Board of Directors.

Committee Effectiveness

The Committee acts independently of the Executive to ensure that the interests of the Society's members are properly protected in relation to financial reporting and internal control.

The Committee has reviewed the collective skills of members and concluded that the Committee's balance of skills, knowledge and experience is appropriate and relevant to the sector in which the Society operates.

The Committee regularly conducts a formal self-assessment to determine its effectiveness. This assessment includes input from members and regular attendees of the Committee as well as the views of internal and external audit. An assessment was last completed in 2021 which concluded that the Committee had operated effectively and in accordance with its Terms of Reference. Given the change of Committee's Chair in early 2022 it was felt appropriate to postpone the 2022 effectiveness review until 2023.

Purpose and Responsibilities of the Committee

The key responsibilities of the Committee are set out below in the table below:

Integrity of Financial Reporting	• Reviewing and, where necessary, challenging critical accounting policies and significant financial reporting judgments and estimates in the Financial Statements; • Monitoring the integrity and appropriateness of the annual financial statements of the Society (the 'Financial Statements'); • Providing guidance and advice to the Board on whether the Financial Statements and Annual Report, when taken as a whole, are fair, balanced and understandable.
External Audit	• Appointing the external auditors, and considering their effectiveness, independence and objectivity throughout the audit cycle, • Considering the planning, scope, and findings of the annual external audit, and • Considering the remuneration and effectiveness of the external auditor.
Internal Audit	• Considering and approving Internal Audit's work programme and the associated costs; • Assessing the effectiveness, performance, and remuneration of the outsourced internal audit function.
Internal Control Framework	• Monitoring the adequacy and effectiveness of the internal controls framework of the Society, • Monitoring the work plan of the Society's compliance function • Reviewing reports issued by internal and external audit and agree actions and responses with management where appropriate.
Whistleblowing	• Overseeing the application by the Society of the Financial Conduct Authority's policies and procedures on whistleblowing; and • Assessing the independence, autonomy, and effectiveness of the resolution of any significant matters subject to a whistleblowing event.

Committee Activity

The activities undertaken by the Committee to fulfil its responsibilities, in relation to the year 2022, are outlined below:

Integrity of financial reporting

The Committee reviewed the integrity and appropriateness of the 2022 Financial Statements including the Annual Report and Accounts for the year ended 31 December 2022 and the Summary Financial Statements disclosed within the Society's Annual Member Review. Through this review the Committee applied appropriate professional scepticism in key areas of judgement and took into account the views the external auditors. To support the process, the Committee considered reports from the Chief Financial Officer, and other members of the Society's senior management team.

For the 2022 Financial Statements, the Committee examined and challenged the following areas of judgement and how they affected the 2022 Financial Statements:

1. Loan Loss Provision

   The Committee reviewed the key assumptions used by management to calculate the loan loss provisions in the Financial Statements, the sensitivity of the calculation to these assumptions and any changes in those assumptions when compared to prior periods and industry standards.

   In particular, the Committee assessed the assumptions within the provisioning model in context of the current challenging macro-economic environment.

   The Committee also considered and challenged the assumptions used in the calculation of the loan loss provisions against its legacy commercial mortgage book.

   After careful consideration, the Committee was satisfied that the loan loss provisions made in the Financial Statements were appropriate.

2. Going Concern

   The Committee formally considered the assumptions relating to the going concern basis of preparation of the Financial Statements. After careful analysis and debate, the Audit Committee recommended to the Board of Directors that the use of the going concern basis for the preparation of the annual financial statements was appropriate.

   Further details on the critical judgements, estimates and assumptions which have a significant impact on the financial statements are set out in note 1 of the accounts.

   Following consideration of the matters outlined above the Committee recommended to Board that the Financial Statements gave a fair, balanced and understandable view of the Society's business performance and financial position,

External Audit

The Society's independent external auditors are PricewaterhouseCoopers LLP ("PwC") having been appointed in 2019.

In the year, the Committee reviewed PwC's Audit plan including details of the scope of the audit, the calculation of materiality to be applied and their assessment of key risks. The auditor's approach to testing and the audit timeline were also discussed with the Committee alongside the fees for completion of the audit. Reports issued by the external auditors were considered by the Committee through the year, including any control weaknesses identified within the Society's processes or financial statements. The Committee also reviewed the auditors report on the Annual Report and Accounts for the year ended 31 December 2022 and the Summary Financial Statements disclosed within the Society's Annual Member Review.

The Committee reviewed on the independence of PwC in the year concluding they remained independent. There were no non-audit services provided by PwC in 2022 or 2021. A review of the effectiveness of External Audit is carried out on an annual basis.

Internal Audit

The Society has an established Internal Audit function, provided by RSM Risk Assurance Services LLP ('RSM') to provide independent objective assurance and advisory oversight of the operations and systems of internal control within the Society.

During 2022, the Committee reviewed, challenged and approved the proposed Internal Audit plan and budget for the year. Internal Audit completed 3 engagements during the year which are outlined below:

- A review of IT change and outsourcing risks to understand how effective the Society is at managing these risks, including compliance with relevant PRA policies, adequacy of Management Information and Boards' involvement in key decisions.
- An advisory report on Fraud Risk. This report looked at the processes and policies in place within the Society to monitor and prevent fraud.
- An advisory report on the Society's regulatory lending approach which defines the types and limits around the different types of lending it can complete. This report looked at the sophistication of the controls and process in place against the Society's current approach and the next regulatory approach (the limited approach).

The Committee considered the findings of each engagement and the adequacy, completeness and timeliness of management responses. The implications of any significant findings on the effectiveness of the overall internal control system and risk management framework were assessed. The Committee also met with Internal Audit regularly without management presence. A review of the effectiveness of Internal Audit is carried out on an annual basis.

Internal Control Framework

The Risk Management Report, above, identifies the principal risks and the controls in place to mitigate those risks.

Alongside, the reports issues by internal audit, outlined above, the Committee reviewed and approved the Society's Compliance Monitoring Plan for 2022. The Society's risk function (second line) manage and perform the compliance plan to support the Committee in gaining assurance over the design and effectiveness of key controls across the organisation.

Following review of this information, the Committee is satisfied that the Society has an adequate and effective framework for risk management, governance and internal control that operated effectively throughout the year.

Whistleblowing

The Board has delegated responsibility for the review of the policy on whistleblowing and oversight of the application of that policy to the Audit Committee.

Any significant matters arising are brought to the attention of the Committee. The Committee is then responsible for assessing the independence, autonomy, and effectiveness of the resolution of any significant matters subject to a whistleblowing event. No such matters were brought to the attention of the Committee during the year.

Oliver Laird
Chair of the Audit and Compliance Committee

20 February 2023

Statement of Directors' responsibilities in respect of the financial statements

The Directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulation.

The Building Societies Act 1986 (the Act) requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements 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).

Under the Act, Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Society and of the profit or loss of the Society for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Society will continue in business.

The Directors are responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Society's transactions and disclose with reasonable accuracy at any time the financial position of the Society and enable them to ensure that the financial statements comply with the Building Societies Act 1986.

The Directors are responsible for the maintenance and integrity of the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' Responsibilities for Accounting Records and Internal Control

The Directors are responsible for ensuring that the Society:

- Keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society, in accordance with the Act; and
- Takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business in accordance with the rules made by the FCA and PRA under the Financial Services and Markets Act 2000.

The Directors are responsible for such internal controls as they determine are necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error, and they have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Society and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of Annual Accounts may differ from legislation in other jurisdictions.

Directors' confirmations

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Society's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

On behalf of the Board,

S E Purdy
Chair

20 February 2023

Independent auditors' report to the members of Beverley Building Society

Report on the audit of the annual accounts

Opinion

In our opinion:

- Beverley Building Society's annual accounts (the "annual accounts") give a true and fair view of the state of the Society's affairs as at 31 December 2022 and of the Society's income and expenditure and cash flows for the year then ended;
- the annual accounts 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
- the annual accounts have been prepared in accordance with the requirements of the Building Societies Act 1986.

We have audited the annual accounts, included within the Annual Report and Accounts (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 December 2022; the Income Statement and Statement of other Comprehensive Income, the Statement of Cash Flows, and the Statement of Changes in Members' Interests for the year then ended; and the notes to the annual accounts, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

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 annual accounts 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 Society in accordance with the ethical requirements that are relevant to our audit of the annual accounts in the UK, which includes the FRC's Ethical Standard applicable to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the Society.

We have provided no non-audit services to the Society in the period from 1 January 2022 to 31 December 2022.

Our audit approach

Overview

Materiality	• £126,000 (2021: £120,000) • Based on 1% of total reserves attributable to members.
Scoping	• We conducted our audit using a combined audit team from Leeds and Manchester; and • We perform audit procedures over all material account balances and financial information of the Society.
Key audit matters	• Impairment of loans and advances to customers.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the annual accounts. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Capability of the audit in 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 in the Auditors' responsibilities for the audit of the annual accounts section, 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 Society/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles such as those governed by the Prudential Regulation Authority, and we considered the extent to which non-compliance might have a material effect on the annual accounts. We also considered those laws and regulations that have a direct impact on the annual accounts such as the Building Societies Act 1986. We evaluated management's incentives and opportunities for fraudulent manipulation of the annual accounts (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates.

Audit procedures performed included:

- Review of correspondence with and to the regulators;
- Testing of significant accounting estimates (See key audit matter below);
- Testing of journal entries which contained unusual account combinations and other specific risk based criteria back to corroborating evidence;
- Review of board minutes and attendance at audit committees where known or suspected incidents of non-compliance with laws and regulation and fraud would be discussed; and
- Review of internal audit reports in so far as they related to the annual accounts.

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 annual accounts. 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.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the annual accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

The key audit matters below are consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment provision for loans and advances to customers The Society holds an impairment provision of £475k (2021: £755k) to account for incurred impairment losses on the mortgage books. This is split between a collective provision of £231k (2021: £141k) to account for losses where an impairment indicator has not yet been identified and a specific provision of £244k (2020: £614k) to cover losses on loans where impairment indicators have been observed. The collective provision is derived from the Society's historical arrears experience, modelled credit risk characteristics and expected cash flows. The specific provision is assessed by reference to loans that are aged past due three or more months in arrears, that have been repossessed by the Society or experienced other, non arrears impairment indicators. The highest degree of estimation uncertainty is considered to relate to the incomplete capturing of specific provision indicators, the probability of default for specific impairment cases and the valuation of properties in possession. The assumptions used in the modelling are subject to a high degree of judgement resulting from limited experience of loan losses being previously incurred and the risk of there being unobserved impairments within the collective mortgages. The directors' disclosures are given in note 10. Management's associated accounting policies are given on page 36. Management's judgements in the application of the accounting policy and critical estimates is disclosed on page 37. The Audit Committee's consideration of the matter is described on pages 24 to 25.	We discussed the basis of the allowance for impairment with management and the Audit Committee, including the rationale for the accounts identified within the specific provision. We challenged the conceptual soundness of the methodology and used our experience within the industry to consider impairment indicators seen within the wider industry, including the impact of rising inflation, and their applicability to the Society's portfolio. We tested the completeness of the individually assessed provision by selecting a sample of loans under forbearance, arrears or other non-arrears indicators and ensuring their inclusion within the provision. With regards to the probability of default assumptions within the specific provision models we understood, evaluated and challenged the appropriateness of these assumptions by considering industry data, sensitivity to changes and the actual loss experience of the Society. We have reviewed the reasonableness of the valuations of properties in possession by reviewing market data and recent sales of comparable properties. We have evaluated the adequacy of the disclosure of estimation uncertainty relating to impairment of loans and advances to customers. Based on the procedures we performed and the evidence obtained we concluded that the calculation of the impairment provision is materially complete and accurate, and the overall level of provision held is reasonable.

Independent auditors' report to the members of Beverley Building Society

continued

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the annual accounts as a whole, taking into account the structure of the Society, the accounting processes and controls, and the industry in which it operates.

All the Society's activities take place in the United Kingdom. The principal activity of the Society is the provision of savings products to individuals to fund secured lending on residential property to support home ownership. 97% (2021: 96%) of the Society's mortgage book is secured on UK residential property with the remainder secured on UK commercial properties. The Society is a stand-alone entity and the accounting records for the Society are maintained at its head office in Beverley.

Audit procedures were performed over all material account balances and financial information of the Society by a combined audit team from Leeds and Manchester. The audit procedures performed provided us with sufficient audit evidence as a basis for our opinion on the annual accounts as a whole.

The impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Society's financial statements, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Management considers the impact of climate risk does not give rise to a potential material financial statement impact as set out in the risk management report and our procedures have not identified any material impact in the context of our audit over the financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the annual accounts as a whole.

Based on our professional judgement, we determined materiality for the annual accounts as a whole as follows:

Overall materiality	£126,000 (2021: £120,000).
How we determined it	1% of total reserves attributable to members
Rationale for benchmark applied	The Society's principal activity is to provide residential mortgage loans financed by retail savings products. The strategy is not one purely of profit maximisation but to provide a secure place for customer savings in a mutual environment. The soundness of the Society is based on its regulatory capital, which is closely aligned to accounting reserves. As such we consider a benchmark based on reserves to be appropriate.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to £94,500 (2021: £90,000).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount in the middle of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6,300 (2021: £6,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- We critically assessed the directors' conclusions on their going concern assessment, including consideration of the impact of inflation on future business performance;
- We reviewed the impact of management's stress test scenarios and considered the likelihood of successful implementation of management actions to mitigate the impacts. We considered whether the Society would continue to operate above required regulatory capital and liquidity minima during times of stress;
- We challenged the reasonableness of the scenarios used by the directors in their going concern assessment and checked the appropriateness of the assumptions used within their forecasting; and
- We evaluated management's disclosures in the Annual Report and checked the consistency of the disclosures with our knowledge of the Society based on our audit.

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 Society's ability to continue as a going concern for a period of at least twelve months from the date on which the annual accounts are authorised for issue.

In auditing the annual accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the annual accounts is appropriate.

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

Our responsibilities and the responsibilities of the directors 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 Annual Report other than the annual accounts and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 annual accounts 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.

With respect to the Annual Business Statement and Directors' Report we also considered whether the disclosures required by the Building Societies Act 1986 have been included.

Based on our work undertaken in the course of the audit, the Building Societies Act 1986 requires us also to report certain opinions and matters as described below.

Annual Business Statement and Directors' Report

In our opinion, based on our work undertaken in the course of the audit:

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the requirements of the Building Societies Act 1986;
- the information given in the Directors' Report for the year ended 31 December 2022 is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given.

In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the annual accounts and the audit

Responsibilities of the directors for the annual accounts

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Society'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 directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 annual accounts.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

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

Use of this report

This report, including the opinions, has been prepared for and only for the Society's members as a body in accordance with Section 78 of the Building Societies Act 1986 and for no other purpose. We do not, in giving these opinions, 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.

Other required reporting

Building Societies Act 1986 exception reporting

Under the Building Societies Act 1986 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the audit committee, we were appointed by the directors on 28 April 2020 to audit the annual accounts for the year ended 31 December 2020 and subsequent financial periods. The period of total uninterrupted engagement is 3 years, covering the years ended 31 December 2020 to 31 December 2022.

James Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds
20 February 2023

Financial Statements

Income Statement

for the year ended 31 December 2022

	Notes	2022	2021
		£000	£000
Interest receivable and similar income	2	5,010	3,852
Interest payable and similar charges	3	(1,275)	(696)
Net interest income		3,735	3,156
Other operating income		67	51
Net operating income		3,802	3,207
Administrative expenses	4	(2,820)	(2,280)
Depreciation and amortisation	12,13	(76)	(88)
Operating charges		(28)	(27)
		878	812
Impairment provision for loans and advances	10	(119)	(56)
Profit on ordinary activities before tax		759	756
Tax on profit on ordinary activities	7	(142)	(146)
Profit for the financial year	20	617	610

Statement of Other Comprehensive Income

for the year ended 31 December 2022

	Notes	2022	2021
		£000	£000
Profit for the financial year		617	610
Other comprehensive expense			
Revaluation of freehold land and buildings	20	-	(83)
Total comprehensive income for the year		617	527

The Notes to the Accounts, below, form part of these accounts.

Profit for the financial year arises from continuing operations.

Both the profit for the financial year and other comprehensive expense for the year are attributable to the members of the Society.

Operating Profit is represented by Profit Before Tax in the Income Statement.

Note of historic profits and losses

If the accounts had been prepared on an historic cost basis depreciation for the year would have been increased by £2,316 and profit before tax decreased by £2,316 (2021: profit before tax decreased by £340).

Statement of Financial Position

as at 31 December 2022

Assets	Notes		2022		2021
		£000	£000	£000	£000
Liquid assets					
Cash in hand and balances with the Bank of England		41,583		51,811	
Loans and advances to credit institutions	8	5,063		8,276	
Total liquid assets			46,646		60,087
Loans and advances to customers	9	150,161		145,680	
Prepayments and accrued income	14	518		74	
Investments	11	89		89	
Tangible fixed assets	12	926		853	
Intangible fixed assets	13	13		47	
Total assets			198,353		206,830

Liabilities	Notes		2022		2021
		£000	£000	£000	£000
Shares	15	172,125		179,560	
Amounts owed to other customers	16	13,092		14,904	
Total shares and borrowings			185,217		194,464
Other liabilities	17	131		157	
Accruals and deferred income	18	362		195	
Provisions for liabilities	19	23		11	
Total liabilities			185,733		194,827
Reserves					
Revaluation reserve	20	329		329	
General reserve	20	12,291		11,674	
Total reserves attributable to members	20		12,620		12,003
Total liabilities and reserves			198,353		206,830

The Notes to the Accounts, below, form part of these accounts.
Approved by the Board of Directors on 20 February 2023 and signed on its behalf by:

S E Purdy **Chair**

J E Bedford **Chief Executive**

C B White **Chief Financial Officer**

Statement of Changes in Members' Interests

for the year ended 31 December 2022

2022	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance as at 1 January	11,674	329	12,003
Total comprehensive income for the year			
Profit for the year	617	-	617
Other Comprehensive Expense	-	-	-
Balance as at 31 December	12,291	329	12,620

2021	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance as at 1 January	11,064	412	11,476
Total comprehensive income for the year			
Profit for the year	610	-	610
Other Comprehensive Expense	-	(83)	(83)
Balance as at 31 December	11,674	329	12,003

Statement of Cash Flows

for the year ended 31 December 2022

	2022	2021
	£000	£000
Cash flows from operating activities		
Profit on ordinary activities before taxation	759	756
Depreciation and Amortization	76	88
Increase/(Decrease) in provision for impairment	(119)	(16)
Mortgage book fair value adjustments	(52)	-
Total	664	828
Changes in operating assets and liabilities		
Decrease/(Increase) in prepayments and accrued income	(444)	(4)
Net increase / (decrease) in shares	(7,435)	9,244
Net increase/(decrease) in amounts owed to credit institutions and other customers	(1,812)	(3,011)
Net decrease in accruals and deferred income	(106)	(15)
Taxation paid	(158)	(89)
Net (increase) / decrease in loans and advances to customers	(4,035)	3,854
Net cash inflow from operating activities	(13,990)	9,979
Cash flows from investing activities		
Purchase of tangible and intangible assets	(115)	(111)
Net cash outflow from investing activities	(115)	(111)
Net increase in cash and cash equivalents	(13,441)	10,696
Cash and cash equivalents at the beginning of the year	60,087	49,391
Cash and cash equivalents at the end of the year	46,646	60,087
Net Movement	(13,441)	10,696

The accompanying notes are an integral part of the financial statements.

Notes to the Accounts

for the year ended 31 December 2022

1. Accounting Policies

1.1 Basis of accounting

Beverley Building Society (the "Society") has prepared these Society annual accounts in accordance with the Building Societies Act 1986, the Building Societies (Accounts and Related Provisions) Regulations 1998 and Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in September 2015. The accounts have been prepared under the historical cost convention, except for freehold buildings which are stated at valuation. The presentation currency of these annual accounts is sterling. All amounts in the annual accounts have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these annual accounts.

The financial statements have been prepared on a going concern basis. This is discussed in the Directors' Report, above, under the heading "Going concern".

1.2 Interest

Interest income and expense on "basic" financial instruments are measured at amortised cost and recognised in the income statement using the effective interest rate method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts over the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount. When calculating the effective interest rate, the Society estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability, including up front application fee income, broker procurement costs and fee free survey and legal re-mortgage costs.

1.3 Fees and commission

Fee and commission income and/or expense that is integral to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate (see 1.2).

Other fees and commission income, with a low value or low occurrence in nature such as deed fees, redemption fees and further advance fees, are recognised as the related services are performed.

1.4 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the annual accounts. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

1.5 Financial Instruments

The Society's financial instruments consist of financial assets, principally liquid assets and loans and advances to customers (mortgages) and financial liabilities, principally shares and borrowings (customer deposits).

Recognition

The Society initially recognises loans and advances and deposits on the date on which they are originated.

Classification

All the Society's financial assets and liabilities are categorised as "basic" under FRS102 and are consequently measured at amortised cost.

De-recognition

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction. A financial liability is derecognised when the contractual obligations are discharged, cancelled or expire.

Identification and measurement of impairment

Provisions are made to reduce the value of loans and advances to the amount which the Directors consider is likely to be recoverable.

Individual assessments are made of all loans where the underlying collateral is in the Society's possession and on loans that are more than three months in arrears. Additionally, the Society will consider the requirement of a specific provision for loans that are not in arrears but have other impairment triggers. Specific provision is made against those loans and advances that are considered to be impaired, based on expected discounted cashflows. In arriving at the specific provision, account is taken of discounts required against each individual property value at the balance sheet date, the amounts expected to be recovered under mortgage indemnity policies, estimated sale expenses and an appropriate discount rate.

Those loans not found to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment, the Society uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred and considers adjustments if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Where the Society is renting out properties it has acquired through possession, an individual impairment assessment will be performed. The forecast will take into account the loan amount, expected income and costs of renting the property and assumes the sale of the property at valuation, including relevant sales costs, at the end of the expected term. Where these properties are subsequently expected to be sold in the short term, the estimated provision based on immediate sale will be taken.

Modification of loans

A borrower's account may be modified to assist customers who are in financial difficulty or have recently overcome financial difficulty. Loans that have renegotiated terms, resulting in a substantial modification to the cash flows, are new loans recognised at fair value, provided the customers comply with the renegotiated terms.

1.6 Investments

Investments held by the Society are not publicly traded and are therefore carried at cost and are assessed for signs of impairment on an annual basis.

1.7 Tangible fixed assets

Fixed assets (except freehold buildings) are valued at historical cost less accumulated depreciation.

Freehold buildings are stated at valuation, and a full revaluation is carried out at least every two years by an independent valuer. The depreciation of revalued assets is recognised in full in the Income Statement. Revaluation surpluses are transferred to a revaluation reserve and may then be transferred to the income statement in equal instalments over the life of the asset.

Revaluation losses are recognised in the revaluation reserve until the carrying amount falls to depreciated historical cost, with the balance being recognised directly in the income statement.

Tangible fixed assets are depreciated by reference to cost or valuation at rates estimated to write off the relevant assets by equal instalments over their estimated useful lives. The depreciation rates used are:

Freehold buildings	2% on valuation
Office furniture and computer equipment	10% to 30% on cost

1.8 Intangible assets

The only intangible assets of the Society are purchased software assets. The assets are amortised on a straight line basis at 30% per year where this relates to a straightforward purchase, or over the duration of the initial license period where implementation costs are incurred.

1.9 Leases

Operating lease rental income is recognised in the income statement in the year in which it is receivable.

1.10 Pension costs

The Society contributes to a defined contribution group personal pension plan for its staff. The Society's contributions are charged against profits in the year in which they are incurred. The charge to the income statement for the year is shown in note 5 to the accounts.

1.11 Segmental reporting

A segmental analysis is not disclosed as the Society's business is wholly UK based and within one business sector.

1.12 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash in hand, deposits held at call with banks, and the balance of the Society's reserve account held with the Bank of England.

1.13 Provision for liabilities

A provision is recognised in the balance sheet when the Society has a present legal or constructive obligation as a result of a past event, that can be reliably measured, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

1.14 Going Concern

As noted in the Directors' Report, as part of the Society's forward planning process, the Directors have considered forecasts showing the Society's capital, liquidity and financial position for the next 15 months under normal operating conditions. They have also considered the potential effect on the Society's business, financial position, capital and liquidity under stressed operating conditions. Furthermore, the Directors have considered the potential impact of Climate Change Risk based on the output from the latest ICAAP, and the Climate Change Risk analysis performed by Landmark. The Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, the Accounts continue to be prepared on the going concern basis.

1.15 Significant accounting estimates and judgements

Application of certain Society accounting policies requires management to make judgements, assumptions and estimates concerning future events which affect the reported amounts of assets and liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are evaluated regularly and are based on the Society's own historical experience and other factors including market-wide benchmark data. Revisions to accounting estimates are recognised in the period in which these estimates are revised, and in any future periods affected.

Provisioning methodology

Impairment provisions are calculated using the Society's historical arrears experience, modelled credit risk characteristics and expected cashflows. Estimates are applied to determine prevailing market conditions (e.g. house prices), customer behaviour (e.g. default rates) and the length of time expected to complete the sale of properties in possession.

- Probability of default

  In terms of the sensitivity, if the probability of default increased by 10% on both performing and specifically assessed mortgages, the estimated impact on the impairment provision would be an increase of £33,000 (2021: £23,000), with a corresponding charge to the Income Statement. A 10% increase would mean a 30% probability of default, for example, would be uplifted to 33%.

- Security value

  In terms of the sensitivity, a 5% increase in the securities value on both performing and provided mortgages, would result in a decrease in the impairment provision of £68,000 (2021: £83,000). Conversely a 5% decrease would result in an increase of £71,000 (2021: £86,000)

- Properties in possession - held into the longer term

  As at 31 December 2022, there are no (2021: no) properties held which are not expected to be sold in the short term. Consequently, there is no impairment differential between the immediate sale and the cashflow forecast assessment (2021: no differential).

Valuation of Freehold Premise

As noted in the accounting policy, the freehold buildings are stated at their latest independent open market valuation less any accumulated impairment since the latest valuation date. A revaluation is carried out at least every two years by an independent valuer. The Society's head office building was last revalued in December 2021, and was not revalued during the 2022 financial year.

If the building valuation was to reduce by a further 10% compared to the December 2021 benchmark, the estimated impact is that fixed assets and the revaluation reserve would be reduced by a further £80,000. The reduction in the revaluation reserve would cause capital and other comprehensive income to also fall by £80,000.

Notes to the Accounts

continued

2. Interest receivable and similar income

	2022	2021
	£000	£000
On loans fully secured on residential property	4,082	3,696
On other loans fully secured on land	168	108
On other liquid assets	760	48
Total	5,010	3,852

Included within interest receivable on loans fully secured on residential property is £77,000 (2021:£157,000) in respect of interest income on loans that are specifically provided for as at 31 December 2022 (see note 10).

Included within interest receivable on other loans fully secured on land is £10,000 (2021: £7,000) in respect of income on loans and advances that are specifically provided for as at 31 December 2022 (see note 10).

3. Interest payable and similar charges

	2022	2021
	£000	£000
On shares held by individuals	1,241	664
On deposits and other borrowings	34	32
Total	1,275	696

4. Administrative expenses

	2022	2021
	£000	£000
Staff costs (note 5)	1,528	1,253
Other administrative expenses	1,292	1,027
Total	2,820	2,280
Remuneration of auditors		
Audit of these financial statements (1)	97	88
Taxation compliance services	-	-
All other services	-	-

The remuneration of the auditors reflects amounts payable to PwC LLP (2021:PwC LLP) for audit of these financial statements.

(1): These figures are presented exclusive of VAT.

5. Staff numbers and costs

The average number of staff employed by the Society during 2022 and 2021 is as follows:	2022	2021
	Number	Number
Full time	22	21
Part time	9	9
Total	31	30

	2022	2021
	£000	£000
Wages and salaries	1,266	1,056
Social security costs	150	111
Other pension costs	112	86
Total	1,528	1,253

The Society operates a group personal pension scheme (a defined contribution scheme) of which 32 employees were members as at 31 December 2022.

The assets of the Scheme are held separately from those of the Society in an independently administered fund. The pension cost charge noted above represents contributions payable by the Society to the fund.

6. Directors

Remuneration

Total remuneration of the Society's Directors for the year was £603,000 (2021: £505,000).

Full details are given in the Directors' Remuneration Report.

The Society does not contribute to Non-Executive Directors' pensions.

Directors' loans and transactions

At 31 December 2022 there were 0 (2021: 0) outstanding mortgage loans granted in the ordinary course of business to a Director and their connected persons, amounting in aggregate to £0 (2021: £0).

A register is maintained at the principal office of the Society under Section 68 of the Building Societies Act 1986, which shows details of all loans, transactions, and arrangements with Directors and their connected persons. A statement of the appropriate details contained in the register for the financial year ended 31 December 2022 will be available for inspection at the principal office for a period of 15 days up to and including the date of the Annual General Meeting and at the meeting.

Notes to the Accounts

continued

7. Tax on profit on ordinary activities

	2022	2021
	£000	£000
The tax charge for the year comprises:		
Corporation tax on profits for the year	131	157
Total current tax	131	157
Deferred taxation (note 19)		
Origination and reversal of timing differences	8	(14)
Effect of tax rate change	3	3
Total deferred tax	11	(11)
Total corporation tax	142	146
Reconciliation of tax on profit on ordinary activities		
Profit on ordinary activities before tax	759	756
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	144	144
Expenses not deductible	-	1
Income not taxable	-	(1)
Benefit of enhanced capital allowances	(5)	-
Adjustment in respect of prior periods	-	(1)
Effect of tax rate change	3	3
Tax Charge for the Year	142	146

Factors affecting and future tax charges

The standard rate of corporation tax in the UK was 19% in during both 2021 and 2022. An increase in the standard rate of corporation tax to 25% from 1 April 2023 became substantively enacted on 24 May 2021. Accordingly, deferred taxation has been calculated at 25%.

8. Loans and advances to credit institutions

	2022	2021
	£000	£000
Loans and advances to credit institutions have maturities as follows:		
On demand	5,063	8,276
In not more than three months	-	-
In more than three months but not more than one year	-	-
Total	5,063	8,276

9. Loans and advances to customers

	2022	2021
	£000	£000
Loans fully secured on residential property	144,910	140,028
Loans fully secured on land	5,251	5,652
Total	150,161	145,680

Maturity analysis

The remaining maturity of loans and advances to customers from the date of the balance sheet is as follows:

	2022	2021
Repayable on demand	2,719	1,674
In not more than three months	736	921
In more than three months but not more than one year	4,234	6,286
In more than one year but not more than five years	29,390	28,757
In more than five years	113,566	108,844
	150,645	146,482
Less: Provisions (note 10)	(475)	(755)
Less: Net EIR liability	(9)	(47)
Total	150,161	145,680

This analysis assumes that each mortgage account will continue under its current terms and, in particular, that it will not be redeemed before the contractual maturity date. However, the Society's mortgage conditions give the Society the right to demand repayment of the mortgage debt in full after three months' written notice to the borrower when the borrower is in default.

The Society's value of collateral is reflected in the Loan to Value ('LTV') profile of the mortgage book. The estimated value of the mortgage portfolio is updated on a quarterly basis using the Nationwide regional House Price Index.

	2022	2021
Average LTV	31.4%	30.8%

An analysis of the Society's geographical concentration is shown in the table below:

	2022		2021	
	£000	%	£000	%
East Anglia	1,768	1.2	1,967	1.3
East Midlands	9,648	6.4	7,272	5.0
Greater London	8,617	5.7	5,845	4.0
North	3,004	2.0	2,332	1.6
North West	7,808	5.2	5,756	3.9
Outer Metropolitan Area	6,444	4.3	5,855	4.0
South East	11,495	7.6	8,134	5.6
South West	8,512	5.6	9,303	6.4
Wales	3,126	2.1	3,202	2.2
West Midlands	6,394	4.2	5,772	3.9
Yorkshire and Humberside	83,829	55.7	91,044	62.1
Total	150,645	100.0	146,482	100.0

Notes to the Accounts

continued

The table below provides further information on the Society's loans and advances to customers by payment due status:

	2022		2021	
	£000	%	£000	%
Not impaired				
Neither past due or impaired	146,855	97.5	142,772	97.5
Past due but not impaired	2,080	1.4	821	0.6
Impaired				
Not past due but impaired	717	0.5	880	0.6
Past due	488	0.3	473	0.3
Possessions	505	0.3	1,536	1.0
Total loans and advances to customers	150,645	100.0	146,482	100.0

Past due but not impaired - relates to any asset where a payment due is received late or missed but no specific impairment has been made against the asset given the low LTV of the mortgage.

Not past due but impaired – relates to specific mortgages which are up to date, however a specific impairment has been made against the asset due to case-specific impairment triggers.

10. Impairment provision for loans and advances

	Loans fully secured on residential property	Other loans fully secured on land	Total
	£000	£000	£000
At 1 January 2022			
Collective provision	17	124	141
Specific provision	548	66	614
Total	565	190	755
Specific provision- utilised in year	(377)	(22)	(399)
Charge for the year			
Collective provision	41	49	90
Specific provision	41	(12)	29
Total	82	37	119
At 31 December 2022			
Collective provision	58	173	231
Specific provision	212	32	244
Total	270	205	475

During the year ended 31 December 2022, the Society has fully disposed of 3 of its properties in possession, which has resulted in a write-off of existing provisions totalling £399,000. One property was taken into possession during the year, but due to its low loan-to-value ratio this has not attracted any provisioning charges.

Comparative position at 31 December 2021	Loans fully secured on residential property	Other loans fully secured on land	Total
	£000	£000	£000
At 1 January 2021			
Collective provision	38	102	140
Specific provision	510	121	631
Total	548	223	771
Specific provision - utilised in year	-	(72)	(72)
Charge for the year			
Collective provision	(21)	22	1
Specific provision	38	17	55
Total	17	39	56
At 31 December 2021			
Collective provision	17	124	141
Specific provision	548	66	614
Total	565	190	755

11. Investments

	2022	2021
	£000	£000
Cost and net book value		
Shares in participating interests	89	89
Total	89	89

The Society holds directly the following interests, which are registered and incorporated in England.

	Principal activity	Class of shares held	Interest of Society
Mutual Vision Technologies Ltd	Computer Software Developer	Ordinary	2022 11.83% 2021 11.83%

Mutual Vision is an unlisted company originally formed by a consortium of Building Societies to acquire the trade of their existing computer software supplier. The company's purpose is to provide critical platform infrastructure to its shareholders and mutual customers.

The Directors believe that the carrying value of the investments is supported by their underlying net assets.

Notes to the Accounts

continued

12. Tangible fixed assets

	Freehold buildings	Office furniture and computer equipment	Total
	£000	£000	£000
Cost			
At 1 January 2022	800	355	1,155
Additions	-	115	115
Disposals	-	-	-
At 31 December 2022	800	470	1,270
Accumulated Depreciation			
At 1 January 2022	-	302	302
Charge for the year	16	26	42
On disposals	-	-	-
At 31 December 2022	16	328	344
Net Book Value			
At 31 December 2022	784	142	926
At 1 January 2022	800	53	853

	2022	2021
	£000	£000
Particulars relating to revalued tangible fixed assets are given below		
Freehold buildings at open market value	800	800
Historical cost of re-valued assets	918	918

The freehold buildings at 57/58 Market Place, Beverley were last re-valued in November 2021 by Scotts Property LLP, an external qualified Chartered Surveyor appointed by the Society on the basis of the open market value for existing use, with vacant possession of the property that is currently occupied by the Society but subject to an existing tenancy.

Freehold land and buildings relate to property substantially occupied by the Society for its own activities (£627,000 at current valuation occupied by the Society).

13. Intangible fixed assets

	Purchased Software
Cost	£000
At 1 January 2022	917
Additions	-
Disposals	-
At 31 December 2022	917
Accumulated Amortisation	
At 1 January 2022	870
Charge for the year	34
Disposals	-
At 31 December 2022	904
Net book amount	
At 31 December 2022	13
At 1 January 2022	47

14. Prepayments and accrued income

	2022	2021
	£000	£000
Due within one year		
Prepayments and accrued income	518	74
Total	518	74

15. Shares

	2022	2021
	£000	£000
Shares held by individuals	172,102	179,530
Shares held by others	23	30
Total	172,125	179,560
Shares are repayable from the date of the balance sheet in the ordinary course of business as follows:		
Accrued interest	366	179
On demand	161,200	173,771
In not more than three months	10	13
In more than three months but not more than one year	2,268	2,533
In more than one year but not more than five years	7,540	2,357
In more than five years	741	707
Total	172,125	179,560

Notes to the Accounts

continued

16. Amounts owed to other customers

Amounts owed to other customers relates to savings accounts held by business entities, are repayable from the balance sheet date in the ordinary course of business as follows:

	2022	2021
	£000	£000
On demand	13,092	14,904
Total	13,092	14,904

17. Other liabilities

	2022	2021
	£000	£000
Amounts falling due within one year		
Corporation tax	131	157
Total	131	157

18. Accruals and deferred income

	2022	2021
	£000	£000
Amounts falling due within one year		
Accruals and deferred income	362	195
Total	362	195

19. Provisions for liabilities

	Deferred tax	FSCS Levy	Total
	£000	£000	£000
At 1 January 2022	11	4	15
Adjustment in respect of prior years	-	(3)	(3)
(Paid)/Received in the year	-	-	-
Charge/(credit) to the income statement for the year	11	-	11
At 31 December 2022	22	1	23

Deferred taxation comprises:	2022	2021
	Amount recognised	Amount recognised
The deferred taxation liabilities are set out below:	£000	£000
Fixed asset timing differences	24	13
Short term timing differences – trading	(2)	(2)
At 31 December 2022	22	11

20. Reserves

	General Reserve	Revaluation Reserve
	£000	£000
At 1 January 2022	11,674	329
Profit for the year	617	-
Revaluation of office premises	-	-
At 31 December 2022	12,291	329

21. Financial Instruments

Contracts that give rise to financial assets or liabilities are known as financial instruments. The Society's sole business is to operate in the retail market for financial instruments, through the provision of mortgage and savings products.

The Society does not run a trading book.

Financial Instrument Classification

The table below shows the financial assets and liabilities of the Society, assigned to their categories under FRS102:

At 31 December 2022	Financial assets that are debt instruments measured at amortised cost	Financial liabilities carried at amortised cost
	£000	£000
Cash in hand and balances with the Bank of England	41,583	-
Loans and advances to credit institutions	5,063	-
Loans and advances to customers	150,161	-
Total Financial Assets	196,807	-
Shares	-	172,125
Amounts owed to other customers	-	13,092
Other liabilities	-	131
Accruals and deferred income	-	362
Total Financial Liabilities	-	185,710

At 31 December 2021	Financial assets that are debt instruments measured at amortised cost	Financial liabilities carried at amortised cost
	£000	£000
Cash in hand and balances with the Bank of England	51,811	-
Loans and advances to credit institutions	8,276	-
Loans and advances to customers	145,680	-
Total Financial Assets	205,767	-
Shares	-	179,560
Amounts owed to other customers	-	14,904
Other liabilities	-	157
Accruals and deferred income	-	195
Total Financial Liabilities	-	194,816

At 31 December 2022, the Society has off balance exposures in the form of mortgage commitments totalling £15.6m (2021: £4.8m).

The Society did not hold any assets or liabilities that qualify for measurement under the Fair Value approach as at 31 December 2022, and as at 31 December 2021.

Notes to the Accounts

continued

Financial Risk Management

As highlighted by the Financial Risk Management report from page 15 onwards, the Society is by virtue of its operations exposes to a variety of financial risks, including liquidity risk, credit risk, and interest rate risk.

Liquidity Risk

The risk that the Society is unable to meet its financial obligations as they fall due. The Society has strict policies to manage liquidity risk, as further detailed within the Financial Risk Management report. The Society's liquid funds are either deposited with the Bank of England or in call accounts with the Society's clearing banks, which all allow for same day access to all funds.

An analysis of the Society's treasury asset concentration is shown in the table below (Fitch agency ratings)

Credit Quality	Description	2022		2021	
		£000	%	£000	%
AA-	Bank of England Reserve	41,508	89.0%	51,751	86.1%
Unrated	Cash in hand	75	0.2%	60	0.1%
Bank of England and Cash		41,583	89.2%	51,811	86.2%
A+	Operational accounts with Barclays Bank plc	1,796	3.8%	2,024	3.4%
A+	Operational bank accounts with NatWest Bank plc	3,267	7.0%	6,252	10.4%
Loans and advances to credit institutions		5,063	10.8%	8,276	13.8%
Total Liquid Assets		46,646	100.0	60,087	100.0

Credit Risk

Credit risk is the risk of losses arising from a borrower or counterparty failing to meet its obligations as they fall due. The Society has a strong and-well established framework of controls in place which mitigates this risk. The effectiveness of systems and controls for the management of credit risk is monitored by the risk committee. Further information on this can be found within the Financial Risk Management report, on page 15.

The Society's maximum credit risk exposure is shown in the table below:

	2022	2021
	£000	£000
Cash in hand and balances with the Bank of England	41,583	51,811
Loans and advances to credit institutions	5,063	8,276
Loans and advances to customers	150,161	145,680
Off balance sheet exposures – Mortgage commitments	15,645	4,843
Total	212,452	210,610

A key indicator of credit risk associated with the Society's mortgage book is the amount of the loans outstanding as a proportion of the underlying security's value, known as the Loan-to-Value percentage (LTV). A lower LTV percentage means greater borrowers' equity in a property, reducing or even eliminating expected losses in the event of default and, where this in the best interest of the Society's members, subsequent repossession. The value of the underlying security is based on a professional valuation at origination of the loan, adjusted for the subsequent movements in the House Price Index (HPI).

The Society over the last decade has gradually reduced the weighted average LTV of its loan book, which now stands at just over 31%. The loan book can be broken down into the following LTV bands:

	2022		2021	
LTV Ratio	£000	%	£000	%
Less than or equal to 50%	90,630	60.2	90,371	61.7
Over 50% but less than or equal to 70%	41,740	27.7	43,059	29.4
Over 70% but less than or equal to 85%	13,330	8.8	8,975	6.1
Over 85% but less than or equal to 95%	3,151	2.1	2,198	1.5
Over 95%	1,794	1.2	1,879	1.3
Total	150,645	100.00	146,482	100.0

Analyses of the geographical spread and payment status of the loans within the mortgage book are provided in note 9.

Details on customers in forbearance can be found within the Financial Risk Management report, on page 15.

Interest rate risk

The Society is exposed to movements in interest rates, and manages this exposure on a continuous basis, within the limits set by the Board. Items are allocated to time bands by reference to the earlier of the next interest rate re-pricing or the maturity date.

The interest rate sensitivity of the Society as at 31 December 2022 was:

	Up to 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	Non interest bearing	Total
	£000	£000	£000	£000	£000	£000
Assets						
Liquid Assets	46,646	-	-	-	-	46,646
Loans and Advances to Customers	142,825	82	1,308	5,946	-	150,161
Prepayments and Accrued Income	-	-	-	-	518	518
Investments	-	-	-	-	89	89
Tangible Fixed assets	-	-	-	-	926	926
Intangible Fixed assets	-	-	-	-	13	13
Total Assets	189,471	82	1,308	5,946	1,546	198,353
Liabilities						
Shares	162,168	-	2,244	7,347	366	172,125
Amounts owed to other customers	13,092	-	-	-	-	13,092
Other Liabilities	-	-	-	-	131	131
Accruals and deferred income	-	-	-	-	362	362
Provisions for liabilities	-	-	-	-	23	23
Revaluation Reserve	-	-	-	-	329	329
General Reserve	-	-	-	-	12,291	12,291
Total Liabilities and Equity	175,260	-	2,244	7,347	13,502	198,353
Net mismatches	14,211	82	(936)	(1,401)	(11,956)	-
Interest rate sensitivity gap	14,211	82	(936)	(1,401)	(11,956)	-
Cumulative Sensitivity gap	14,211	14,293	13,357	11,956	-	-
Sensitivity to General Reserves as a result of:						
A 2% increase in the interest rate	(34)	(1)	13	38	-	16
A 2% decrease in the interest rate	36	1	(14)	(40)	-	(17)

As this analysis is based on interest rate reset dates, it differs from the maturity analysis of assets and liabilities given in notes 8, 9, 15 and 17.

Notes to the Accounts

continued

The interest rate sensitivity of the Society at 31 December 2021 was:

	Up to 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	Non interest bearing	Total
	£000	£000	£000	£000	£000	£000
Assets						
Liquid Assets	60,087	-	-	-	-	60,087
Loans and Advances to Customers	142,025	149	1,054	2,452	-	145,680
Prepayments and Accrued Income	-	-	-	-	74	74
Investments	-	-	-	-	89	89
Tangible Fixed assets	-	-	-	-	853	853
Intangible Fixed assets	-	-	-	-	47	47
Total Assets	202,112	149	1,054	2,452	1,063	206,830
Liabilities						
Shares	174,657	-	2,493	2,231	179	179,560
Amounts owed to other customers	14,904	-	-	-	-	14,904
Other Liabilities	-	-	-	-	157	157
Accruals and deferred income	-	-	-	-	195	195
Provisions for liabilities	-	-	-	-	11	11
Revaluation Reserve	-	-	-	-	329	329
General Reserve	-	-	-	-	11,674	11,674
Total Liabilities and Equity	189,561	-	2,493	2,231	12,545	206,830
Net mismatches	12,551	149	(1,439)	221	(11,482)	-
Interest rate sensitivity gap	12,551	149	(1,439)	221	(11,482)	-
Cumulative Sensitivity gap	12,551	12,700	11,261	11,482	-	-
Sensitivity to General Reserves as a result of:						
A 2% increase in the interest rate	(31)	(1)	21	(6)	-	(17)
A 2% decrease in the interest rate	31	1	(22)	7	-	17

As this analysis is based on interest rate reset dates, it differs from the maturity analysis of assets and liabilities given in notes 8, 9, 15 and 17.

Maturity Analysis

The maturity analysis of the financial liabilities of the Society at 31 December 2022 was:

	Up to 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
	£000	£000	£000	£000	£000	£000
Shares	162,534	-	2,258	7,656	-	172,448
Deposits and other borrowings	13,092	-	-	-	-	13,092
Other Liabilities	131	-	-	-	-	131
Accruals and deferred income	362	-	-	-	-	362
Total financial liabilities	176,119	-	2,258	7,656	-	186,033

The maturity analysis of the financial liabilities of the Society at 31 December 2021 was:

	Up to 3 months	More than 3 months but not more than 6 months	More than 6 months but not more than 1 year	More than 1 year but not more than 5 years	More than 5 years	Total
	£000	£000	£000	£000	£000	£000
Shares	174,657	-	2,530	2,265	-	179,452
Deposits and other borrowings	14,904	-	-	-	-	14,904
Other Liabilities	157	-	-	-	-	157
Accruals and deferred income	195	-	-	-	-	195
Total financial liabilities	189,913	-	2,530	2,265	-	194,708

Note: The above analysis is based on undiscounted contractual cashflows and therefore does not reconcile to the balance sheet.

Capital

Capital is a key measure of the Society's financial strength and is, as shown below, primarily. comprised of accumulated profit reserves. Capital supports business growth and protects the business against its principal risks.

The Society's capital requirements are set and monitored by the Prudential Regulatory Authority (PRA). The Society undertakes a formal Internal Capital Adequacy Assessment Process (ICAAP) to articulate and demonstrate how these requirements are met.

In addition, the ICAAP documents the framework for the Society's governance and oversight of its risk and capital management policies and is used to assist with the management of capital and risk exposures.

The Society's actual and forecasted capital positions are reviewed against a risk appetite that requires capital to be maintained at a specific minimum level above regulatory capital requirements. There were no reported breaches of capital requirements during the year.

There have been no material changes to the Society's management of capital in the year.

Composition of Regulatory Capital

	Note	2022	2021
		£000	£000
General Reserve	20	12,291	11,674
Intangible assets	13	(13)	(47)
Revaluation reserve	20	329	329
Tier 1 capital		12,607	11,956
Collective provisions	10	231	141
Tier 2 capital		231	141
Total Regulatory Capital		12,838	12,097

Capital Requirements Directive Country by Country Reporting

Information required under the CRR rules Article 89, Country-by-Country Reporting (CBCR) are disclosed below:

Name	Type of Entity	Nature of Activity	Location	Turnover (£m)	Profit Before Tax (£m)	Corporation Tax Paid	No. of Employees
The Beverley Building Society	Building Society – UK Registered Entity	UK financial institution owned by its members as a mutual organisation. The principal purpose of the Society is that of loans that are secured primarily on residential property, funded largely by its members. The Society has no active subsidiaries and is wholly based in the UK. The Society has transactions only in GBP.	Beverley, East Yorkshire England	£5.0m based on interest receivable	£0.76m	£0.16m paid in settlement of corporation tax on 2021 profits	28 Full Time Equivalents

The country-by-country information has been prepared on the following basis:

- Total turnover represents Interest receivable and similar income for the Society as disclosed in the Income Statement.
- Profit before tax represents Profit on ordinary activities before tax as disclosed in the Income Statement.
- Corporation Tax paid in year represents actual corporation tax payments made during the year as disclosed in the Society Statement of Cash Flows.
- Number of employees on an FTE basis is representative of the average number of persons employed by the Society as disclosed in Note 5 to the Accounts.

Independent auditors' report to the directors of Beverley Building Society

Report on the audit of the country-by-country information

Opinion

In our opinion, Beverley Building Society's country-by-country information for the year ended 31 December 2022 has been properly prepared, in all material respects, in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

We have audited the country-by-country information for the year ended 31 December 2022 in the Capital Requirement Directive (CRD IV) disclosures.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information 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 society in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

In forming our opinion on the country-by-country information, which is not modified, we draw attention to the Capital Requirement Directive (CRD IV) disclosures of the country-by-country information which describes the basis of preparation. The country-by-country information is prepared for the directors for the purpose of complying with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013. The country-by-country information has therefore been prepared in accordance with a special purpose framework and, as a result, the country-by-country information may not be suitable for another purpose.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the society's ability to continue to adopt the going concern basis of accounting included:

- We critically assessed the directors' conclusions on their going concern assessment, including consideration of the impact of inflation on future business performance;
- We reviewed the impact of management's stress test scenarios and considered the likelihood of successful implementation of management actions to mitigate the impacts. We considered whether the society would continue to operate above required regulatory capital and liquidity minima during times of stress;
- We challenged the reasonableness of the scenarios used by the directors in their going concern assessment and checked the appropriateness of the assumptions used within their forecasting; and
- We evaluated management's disclosures in the Annual Report and checked the consistency of the disclosures with our knowledge of the society based on our audit.

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 society's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

In auditing the country-by-country information, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the country-by-country information is appropriate.

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

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

Responsibilities for the country-by-country information and the audit

Responsibilities of the directors for the country-by-country information

The directors are responsible for the preparation of the country-by-country information in accordance with the requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013 as explained in the basis of preparation in the country-by-country information, and for determining that the basis of preparation and accounting policies are acceptable in the circumstances. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of country-by-country information that is free from material misstatement, whether due to fraud or error.

In preparing the country-by-country information, the directors are responsible for assessing the society'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 directors either intend to liquidate the society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the country-by-country information

It is our responsibility to report on whether the country-by-country information has been properly prepared in accordance with the relevant requirements of the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is 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 this country-by-country information.

Independent auditors' report to the directors of Beverley Building Society

continued

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 society/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles such as those governed by the Prudential Regulation Authority, and we considered the extent to which non-compliance might have a material effect on the country-by-country information. We also considered those laws and regulations that have a direct impact on the country-by-country information such as applicable tax legislation and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. We evaluated management's incentives and opportunities for fraudulent manipulation of the country-by-country information (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates. Audit procedures performed included:

- Review of correspondence with and to the regulators;
- Testing of significant accounting estimates;
- Testing of journal entries which contained unusual account combinations and other specific risk based criteria back to corroborating evidence;
- Review of board minutes and attendance at audit committees where known or suspected incidents of non-compliance with laws and regulation and fraud would be discussed; and
- Review of internal audit reports in so far as they related to the annual accounts.

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 country-by-country information. 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 country-by-country information 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 company's directors in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013 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

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
20 February 2023

Annual Business Statement

for the year ended 31 December 2022

1. Statutory percentages

	2022 %	Statutory Limit %
Lending limit	4.01	25.00
Funding limit	7.07	50.00

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986, as amended by the Building Societies Act 1997.

The lending limit measures the proportion of business assets not in the form of loans fully secured on residential property. Business assets are the total assets of the Society as shown in the balance sheet plus provisions for bad and doubtful debts, less liquid assets and tangible fixed assets. Loans fully secured on residential property are the amount of principal owing by the borrowers and accrued interest not yet payable. This is the amount shown in the balance sheet plus provisions for bad and doubtful debts.

The funding limit measures the proportion of shares and borrowings not in the form of shares held by individuals.

2. Other percentages

	2022 %	2021 %
As a percentage of shares and borrowings		
Gross capital	6.81	6.17
Free capital	6.44	5.78
Liquid assets	25.18	30.90
Profit for the year as a percentage of mean total assets	0.30	0.30
Management expenses as a percentage of mean total assets	1.43	1.16

The above percentages have been prepared from the Society's balance sheet.

Shares and borrowings represent the total of shares, amounts owed to credit institutions and amounts owed to other customers.

Gross capital represents the general reserve, revaluation reserve and subordinated liabilities.

Free capital represents the aggregate of gross capital and collective loan impairment less tangible and intangible assets.

Mean total assets are the average of the 2021 and 2022 total assets.

Management expenses represent the aggregate of administrative expenses, depreciation and amortisation.

Annual Business Statement

for the year ended 31 December 2022

3. Information relating to directors

As at 31 December 2022

The Society requires all Directors to disclose any relevant external interests that may be considered to conflict with their role at the Society, including any directorships that they may hold. The Society also requires all Directors to re-affirm their external interests on an annual basis and to declare at each meeting of the Society any interests that they may have that could compromise the best interests of the Society.

Name and date of birth	Date of appointment (at Beverley Building Society)	Role (Non Executive /Executive) (at Beverley Building Society)	Other directorships	Other Directorships Role (Non executive/Executive)
S E Purdy BA(Hons), FCII, Chartered Insurer (04.1962)	2018	Non-Executive Chair	London General Life Company Limited	Non-Executive Director
			London General Insurance Company Limited	Non-Executive Director
			TWG Services Limited	Non-Executive Director
			TWG Europe Limited	Non-Executive Director
			Assurant General Insurance Limited	Non-Executive Director
			Assurant Group Limited	Non-Executive Director
			Lifestyle Services Group Limited	Non-Executive Director
			Assurant Life Limited	Non-Executive Director
			Assurant Intermediary Limited	Non-Executive Director
			Age Scotland	Non-Executive Director
			British Friendly Society	Non-Executive Director
			24 Charles Street Limited	Non-Executive Director
			International General Insurance UK	Non-Executive Director
			Medical Protection Society Limited	Non-Executive Director
			MPI (London) Limited	Non-Executive Director
S A Symington C Dir, FCIPD (03.1965)	2013	Non-Executive Director	Humber Coast and Vale Integrated Care System	Chair, Non-Executive Director
			Lodge Cottages Limited	Non-Executive Director
K R Wint (05.1965)	2021	Non-Executive Director	Holbeck Together	Non-Executive Director and Charity Trustee
J E Bedford FCA (02.1970)	2014	Chief Executive Officer	None	n/a
M Marsden BSc (Hons), MBA (01.1967)	2014	Executive Officer (Risk Director)	None	n/a
C B White (12.1978)	2022	Executive Officer (Chief Financial Officer)	None	n/a

Name and date of birth	Date of appointment (at Beverley BuildingSociety)	Role (Non Executive /Executive) (at Beverley Building Society)	Other directorships	Other Directorships Role (Non executive/Executive)
R K Andrews (10.1963)	2022	Non-Executive Director	Benenden Healthcare Society Limited	Chief Executive Officer
			Benenden Wellbeing Limited	Executive Director
			Benenden Hospital Limited	Executive Director
			The Friendly Healthcare Organisation Limited	Executive Director
			The Benenden Hospital Trust	Executive Director
			Sheeptown Brewery Limited	Executive Director
			White Hills Consulting Limited	Executive Director
			Association of Financial Mutuals	Non-Executive Director
			Best Health Limited	Executive Director
O W Laird (05.1970)	2022	Non-Executive Director	Lookers Plc and subsidiary entities*	Executive Director, Chief Financial Officer
A B Meeks Chartered Director, FIoD (12.1954)	2022	Non-Executive Director	Perenna Bank Limited	Non-Executive Director
			Equity Release Council	Non-Executive Director
			Rimbal Holdings Limited	Non-Executive Director
			Rimbal Financial Holdings Limited	Non-Executive Director
M T Robinson (03.1957)	2022	Non-Executive Director	Leicester and Rutland Community Foundation	Trustee
S C A Smith (04.1957)	2022	Non-Executive Director	Mortgage Advice Bureau (Holdings) PLC	Non-Executive Director
			Surrey Cloisters Management Company Limited	Director

* O W Laird is an executive director of the following subsidiary entities of Lookers PLC: Lookers Motors Holdings Ltd; Lookers Motor Group Ltd; Ulster Garages Ltd; Warwick Holdings Limited; Vehicle Rental Services Limited; S. Jennings Group Limited; S. Jennings Limited; Lookers Colborne Limited; Dutton-Forshaw Holdings Limited; the Dutton-Forshaw Group Limited; the Dutton-Forshaw Motor Company Limited; Charles Hurst Holdings Limited; the Charles Hurst Corporation Limited; Charles Hurst Limited; MB South Limited; NNK Holdings Limited; Lookers Leasing Limited; Lomond Motors (East) Limited; Lomond TPS Limited; Lomond Motors Limited; Inverclyde Sales & Service Limited; Fleet Financial Limited; Harpers Carlisle Limited; Get Motoring UK Limited; Drayton Group Limited; Addison Motors Limited; Addison TPS Limited; Colebrook & Burgess Holdings Limited; Colebrook & Burgess Limited; Colbornes Trade Parts Limited; Bolling Investments Limited; Billingham Motors Limited; Bramall & Jones VW Limited.

Documents may be served on the above named directors at:

Ref. 'Beverley Building Society' c/o PwC LLP, 29 Wellington Street, Leeds, LS1 4DL.

The Executive Directors M Marsden, C B White and J E Bedford have service contracts with the Society, termination of which may be effected by either party giving not less than six months written notice. The contract dates of the above Executive Directors are 12 August 2014, 8 July 2022 and 25 April 2022, respectively. No other Directors have contracts in place.

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BEVERLEY
BUILDING SOCIETY

Building Better Futures

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