



Beverley Building Society
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The Society is a member of the Building Societies Association.

It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered Number 206064.



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Welcome

The past year has, once again, seen us continuing to focus on operational resilience, and supporting our colleagues, members and community in the face of continued economic and social challenges brought on by the COVID-19 pandemic.

I am extremely proud of our colleagues' efforts in ensuring we maintained the excellent service and personal support you have come to expect from us, with our branch and customer operations remaining open throughout the year.

Despite the unique circumstances that continued to prevail, and challenge our plans, we were able to invest in critical strategic and operational resources, including new team members (see pages 18 & 19), which will help us build on the products and services we offer as the UK works towards a new normal.

Despite the anticipated increase in costs as a result, our continued commercial focus and prudent management generated strong financial and business performance, growing our profit before tax to our highest level in 10 years, at £756,000 (2020: £462,000).

We also substantially reduced our mortgage impairment and maintained record-low arrears, as well as further growing our total assets to nearly £207m (2020: £200m), another record. Over the next few pages, you'll find more insights into how your Society fared in 2021, and our future plans.



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**We remain
resolutely
committed to
you and wish you
well for 2022.**

Karl Elliott, Chief Executive

More financial highlights are on pages 4&5 of this booklet, and a full summary of our 2021 financial performance is on pages 26 to 33. You can also view our Annual Report & Accounts, including a more detailed overview of our 2021 financial performance, at beverleybs.co.uk/annualreport2021, or by requesting a printed copy via our branch.

On pages 6&7, Society Chair, Stuart Purdy, reflects on the year and what lies ahead.

On pages 8-11, self-employed solicitor Dawn Scargill describes how the Society has helped her turn her dream property renovation into reality, and attract celebrity attention.

Pages 12&13 see savers Ann and Dennis Jackson reflecting on their long-term relationship with us.

You'll see how we've done our bit to help make life a little sweeter despite the year's challenges, through community giving and collaboration, on 14-16.

Then, on page 17, we announce our partnership with our first Charity of the Year, Beverley Cherry Tree Community Centre.

You can meet your Board on pages 20&21, view our Directors' Remuneration Report on 22 to 25, our independent auditors give their opinion on 34, and on 35 are details of our first in-person AGM for three years.

Nothing has changed and everything has changed since March, 2020, and our first experience of lockdown. The way we view and live our lives has been disrupted like never in recent memory. Changing priorities, employment, families, home needs and increased adoption of technology, are just some of the new phenomena facing households across the UK.

What hasn't changed and indeed, for some, has been exacerbated, is the complexity of our personal lives and financial circumstances. Our strategy of Building Better Futures for our savers, borrowers and communities, is predicated on understanding, listening, and responding to those complex needs, and helping to provide personalised outcomes that best suit individual situations.

We remain resolutely committed to you, wish you well for 2022 and hope you find this year's magazine inspiring and informative.

2021 highlights

At-a-glance summary of how your Society performed over the past 12 months

Grew pre-tax profits to
£756,000
due to strong mortgage
book management and
cost control

We gave local charities over
£6,000
including £1,500 to East
Yorkshire Foodbank, for those
worst-affected by COVID-19

We lent
£4.3m
to the self-employed
in our heartland

Employee numbers increased by
20%, to further enhance our
resilience and service to members

Record-high capital
to protect your Society against
market volatility

Customers
continued to rate us
5 out of **5** for
our service

No executive bonuses
we invested all profits in your Society

Average savings interest rates were
0.37% – better than the
sector average – resulting in savers'
inflows of £6m

Total assets rose
to a record
£207m



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I thank our
colleagues,
members and
community
partners for their
ongoing support.

Stuart Purdy, Chair

Review of the Year

Throughout 2021, we all continued to be impacted by the consequences of COVID-19 as a wider society, and at a personal level. Our thoughts remain with customers, colleagues and members of our community who endured hardship, and lost loved ones, during the year.

Despite the ongoing uncertainty and disruption, I am proud to report that your Society delivered continued success. With a focus on being adaptable and available to you, we maintained uninterrupted service, strong operational resilience and support for essential good causes in our region. All achieved while growing our assets, capital and profitability, materially reducing the legacy risks in our lending portfolio and continuing to provide excellent personal service and good value to our borrowers and savers alike.

We entered 2021 in lockdown, but with our branch facility open for business and the majority of colleagues working from home. This prevailed throughout the year as we shifted from lockdown, through an easing of restrictions in August, and then into Plan B at the end of the year. Colleagues adapted well to working from home, while necessary, but their return to our offices for at least for two or three days each week, proved better for them and our members.

Your Board, having also worked remotely, remained vigilant and supportive and were able to meet in person once, before Plan B required a return to virtual meetings.

The housing market remained healthy, with house price growth, both nationally and regionally, buoyed by the waiving of stamp duty for the vast majority of purchases. We continued to focus on areas less well-served by the mainstream market, including later-life lending and self-employed borrowers, while making significant improvements to our impaired legacy mortgage book through a combination of disposals and capital repayments. This reduced our lending portfolio, but also substantially reduced risk, providing an excellent platform from which to grow lending in the years ahead.

The Board continued to review the Society's strategy during the year, cognisant of the fragilities in our economy and the potential impacts of rising prices and interest rates in the months ahead. A key focus has been the development of a robust new lending strategy, including the critical capabilities required to deliver sustainable growth in the years ahead. We remain fully committed to our Building Better Futures strategy, providing good value for our savers, whose funds, in turn, enable us to

lend to borrowers with more complex needs, all underpinned by a commitment to support the wellbeing of our local communities.

Market interest rates for savers remain historically low, despite the small increase in Bank of England base rate at the end of 2021, and the future rises anticipated. We have endeavoured to support savers with a trusted safe haven and consistently higher-than-average returns, and by providing an essential service to our local community as national providers continue to close their facilities. In not seeking to unduly profit from our savers, we have again witnessed strong cash inflows in the year, which we intend to utilise to support our future lending growth wherever possible.

Members can find further details of our progress and future plans in the ensuing pages of this magazine, or by accessing our full Annual Report & Accounts at beverleybs.co.uk/annualreport2021, or by requesting a printed copy via our branch.

Your Board continued to ensure effective governance, oversight and succession planning during the year, ensuring the necessary skills and experience to meet our obligations and strategic intentions, and serve our members' interests.

I trailed in last year's magazine that Karen Wint joined us, in January 2021, as a non-executive director, bringing extensive and highly-relevant mutual sector and regional experience from her seven years as Chief Operating Officer at Leeds Building Society. Karen also took on the role of Chair of our Risk Committee in September, as Esther Morley, our incumbent Chair of Risk, left us to take on an executive position at another mortgage lender. I would like to thank Esther for her service to the Society and wish her well in her new role.

Richard Pattinson also stepped down from the Board in September 2021, having completed almost 10 years as a non-executive director. Richard oversaw some interesting and challenging times during his tenure, serving

the Society diligently and with wise counsel, and we wish him well with his future plans. As a result of Richard's departure, Sue Symington has now taken on the role of Senior Independent Director.

I am also pleased to report that, by the time this report reaches our members, we will have appointed a new non-executive director, Oliver Laird, who is joining us in early 2022. Oliver has a strong background in financial services and brings a wealth of board-level experience, and we are looking forward to his contributions to the Society's success in the years to come.

Oliver will ultimately succeed Mike Heenan, our current Chair of the Audit & Compliance Committee, who will step down at our next AGM. Mike has served with the Society both as acting Chief Executive (CEO) and then Non-Executive Director, for nearly 12 years, and we thank him for his unstinting commitment and contribution to the Society over that time.

Our Finance Director and Deputy CEO, Janet Bedford, was asked to step up to CEO in August, to cover the long-term absence of our CEO, Karl Elliott, and has remained in the role for the remainder of the year. Janet and the Senior Leadership Team have shown real commitment and resilience in adapting to their circumstances and I thank them for their efforts.

I hope we now have the worst of the pandemic behind us and can move forward with a sense of hope, optimism and positivity for the future. I would like to record my sincere thanks and gratitude to Society colleagues, for their continued diligence and commitment in challenging and ever-changing circumstances. Their contribution is critical to our success.

I would also like to thank our members and community partners for their ongoing support, and wish each of you a rewarding, happy and healthy year ahead.

Self-employed Dawn's shop conversion truly is a 'Remarkable Renovation'



It's sadly a well-known fact in the UK that many self-employed people struggle to find a mortgage with terms to suit them, and also that people who wish to invest in an unusual property often face a point-blank refusal to lend them any money at all.

So, when 50-year-old Dawn Scargill, a self-employed solicitor from Thorner, near Leeds in West Yorkshire, decided she wanted to transform her local village shop into a stunning four-bedroom family home that's attracted the attention of a primetime TV show, the odds were somewhat against her!

"I didn't initially have any worries about securing a mortgage," said Dawn, who sold the house she shared with her two young sons in August 2020 and then moved into rented accommodation. "But I soon realised that people's warnings were right, and if you want to buy something a little bit different, you have to shop around for a lender."

Shop transformation

As a current resident in the attractive village of Thorner, Dawn had naturally noticed the former village shop – a Georgian link-detached building – was on the market with a 'change of use' option. Keen to immerse herself in a major project and create a unique home for her boys, she spotted its potential and, when its first sale to another buyer fell through, pounced on the opportunity.

"I redesigned the plans to make the property exactly as I wanted. It's not a listed building but it is in a conservation area so I have to ensure the original shop window is retained and renovated," Dawn explained. Her grand design includes removing the roof from a large area at the rear of the property and retaining the existing walls to create a courtyard garden. But Dawn still needed to secure a short-term mortgage to turn her vision into reality. She said: "I quickly learned that most lenders are simply not interested in commercial, uninhabitable properties. Thankfully, I happen

to live in the same village as someone who works at Beverley Building Society, and it was her partner who suggested I give them a call.

"It was a pleasant surprise to speak with a real person and be treated as a human. I chatted at length with Graham, the Head of Lending, and he was very positive. Everything was going well until the external valuer, who is independent of the Society, advised them not to lend against the property, which was a huge blow."



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As a solicitor specialising in property, Dawn knew she needed to present the right evidence to persuade the valuer otherwise, and her efforts paid off when he revised his valuation. "Graham was very good about it all," she added. "He considered all my evidence, backed my plans and ultimately approved my mortgage. I've been completely impressed with the process. I felt as if the Society treated me as an individual throughout and made the effort to look into my finances and my plans for the shop conversion.

"I'm very grateful that the Society chose to lend on my non-standard property. They've been so easy to deal with, it's been such a pleasant and personable experience. I really felt that Graham was genuinely interested in the case and was fighting my corner."

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George's Remarkable Renovations

As an avid viewer of popular home-building and renovation shows on TV, Dawn couldn't quite believe her eyes when, at the end of an episode of 'George Clarke's Remarkable Renovations' on Channel 4, she saw an appeal for participants for the next series.

And after just one email outlining her project, she quickly plunged headlong into the whirlwind of TV show production and celebrity presenters. "Within a week of submitting my application, the producer came to visit, and then we went straight into a full day's filming," said Dawn. "I was so nervous! There were cameras everywhere, and a drone, it was all very exciting."

George and the crew are filming at the property a number of times as Dawn reaches key milestones in the project. And of the show's charismatic host, who is by trade an architect, she said: "He is very professional and down to earth, and he has given me some great ideas and food for thought about what to do with the build."

Creative vision

The show aims to illustrate how people like Dawn breathe new life into unused buildings, transforming local landmarks into unique family homes, and that's exactly what Dawn hopes to do with her 19th-century shop.

Renovating an old building and completely changing its use from commercial to residential takes a lot of creative vision, hard graft and sheer guts – things that Dawn perhaps wouldn't have anticipated in her future when she left her parents' home in Bridlington back in 1992 and moved to Leeds to study. A HND in fashion design suggests an inner creative streak, but in her mid-20s she eventually chose to follow in her father's footsteps and trained as a solicitor.

She took her first step onto the property ladder in Thorner, buying a lovely flat in a converted chapel, then had children and settled into a

newbuild in the village. Her career was soaring, with a job at one of the biggest legal practices in the area, but with two small children to care for Dawn decided to take a break from the law and spend a few years working for herself as an English and maths tutor.

She returned to the law in 2016, this time working for herself, and has never looked back. "Being self-employed has its risks, but if you cut your cloth accordingly, things will work out. I'm a doer, I've always worked hard, and am always open to new opportunities," she added.

And Dawn's village shop is one opportunity we are very happy she chose to grasp! Graham said: "It's been a pleasure to support Dawn with her property purchase. We wish her the best of luck with her renovation project and look forward to following her progress on TV!"

Loyal couple appreciate the Beverley's personal touch

Many people have been saving and mortgaging with us for decades, and their custom is something we appreciate hugely. These people form the backbone of our building society – we make it our business to look after them, and in return they reward us with their loyalty over the years.

Often, links with our Society run through generations of families, and that's the case with Ann and Dennis Jackson from East Yorkshire. Ann explained: "Both of my parents, who are from the Beverley area, saved with the Society, and I've held various savings accounts with them for a long time. My mum is 91 and she's been with them forever, she still saves with them!

"Mum isn't able to get into the branch any more like she used to do, but she's been a regular visitor there all her life, so over the years she's met pretty much everyone who's worked there and is a familiar face in the branch. They're so good with their older customers, really kind and caring."



Helping hand with home purchase

Ann grew up in Beverley, while Dennis lived in the pretty village of South Dalton. Back in the 1970s, Ann's dad, a farm worker, and mum, who worked in a local shop, recommended the newly-married couple approach the Society for a mortgage to buy their first home. Ann recalled: "I'd actually been with another financial provider and they told me I wasn't saving enough to be able to get a mortgage with them. I wasn't happy about that and promptly left!

"We went to the Beverley and they were great. It was 1977 when we got our 25-year mortgage set up no problem, so of course that was paid off quite a few years ago. We never considered changing to another bank or building society, we were always very happy with our terms and conditions."

The property the couple bought was their first, and only, home purchase – a house in a picturesque East Yorkshire village. Moving elsewhere has never crossed their minds, such is the appeal of the gentle lifestyle this tranquil location offers, in the midst of beautiful

countryside and at the heart of the local farming community. "We love village life and being outdoors, there's nowhere else we'd rather be," said Ann.



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They're so good with their older customers, really kind and caring.

Friendly faces

Now retired, the couple spend their leisure time enjoying regular walks along the local footpaths and bridleways, and relaxing in their home and garden. Dennis used to work for the water board as a tanker driver and has been a retired 'man of leisure' for a while and – pre-pandemic – liked to play football and pool every week with friends. However, the retired way of life is quite new to former hairdresser Ann, who only stopped working last summer.

"I've been a hairdresser all my life, ever since leaving school in 1973 and getting an apprenticeship," she said. "I started out working in a shop just across from the Society, above what's now Vanessa's. Then I moved on to a salon in Molescroft, and then in 1987 I decided to go it alone and be a mobile hairdresser, and never looked back."

Like the Beverley, some of Ann's customers had been with her for decades and are now in their 90s. "My customers were like a family really," she added, "and I do miss them now that I'm no longer working. There's something to be said for creating proper personal connections with your customers."

The couple still make a weekly trip to our branch in Saturday Market, and enjoy seeing the friendly faces behind the counter. "We have a number of different savings accounts and go in every week. They are such lovely people, I can't fault them. We like to have a chat, and Dennis always has a laugh and a joke with them.

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"We see a lot of Debbie and Chris, who are brilliant. They're so cheerful and happy to help you with anything. It's always nice to see a smiling face," concluded Ann.

Debbie Plaxton, our Chief Cashier, said: "We always look forward to seeing Ann and Dennis. I've known them for what must be over 20 years now and it's such a pleasure to deal with customers like them, they're so chatty and pleasant. This relationship is a great example of what the Society is all about."



Making a difference, with your help

Being a longstanding regional building society brings a heady responsibility – to play an active part in making local life that little bit better wherever we can.

And 2021 was no different, as we continued to donate to good causes that mean a great deal to both you, our members, and our dedicated team, including a range of charities and community organisations which add a little culture and enjoyment to the day-to-day.

We once again contributed to the Cash for Kids, Mission Christmas appeal, with £500 from our Charity of the Month (CoTM) pot, team fundraising and member toy and cash donations. We gave East Yorkshire Foodbank £1,500 from our AGM voting and CoTM kitty, plus vital supplies donated by colleagues, to make Christmas brighter for children and families across our region. We're extremely grateful for your contributions to our in-branch appeals.

We were delighted to see the wonderful Beverley Minster Christmas Tree Festival get under way again, and this time children from nearby Leven CE Primary School helped us decorate our tree. They did a beautiful job, creating 133 individual decorations, one for every pupil at the school. And their poignant theme, based on their new school mission statement, 'Together we shine as one', made it even more special. We rewarded their efforts with £200 to buy books for the school.

Top: Children from Leven CE Primary School

Here is a snapshot of some of the other good causes we've supported this year, and what they had to say...

£700
plus toys
for Mission
Christmas

£200
to Leven
CE Primary
School for
books

Special Olympics City of Hull Swimming Club

Volunteer Janet Nolan: **"Beverley Building Society's support gives a boost to the volunteers who offer their time to provide training and support our swimmers at events."**

Special Olympics City of Hull operates under the umbrella of Special Olympics GB, and provides sports training and competition opportunities to people with an intellectual disability. We gave them £250 as a CoTM.

East Yorkshire Foodbank

Mandy Thomlinson, Project Manager:
"The Foodbank has seen more demand than ever before, with many of those going hungry, children."

"We hope the Beverley's donation will inspire other organisations and individuals to come forward and help us to make sure no-one ever has to go hungry, no matter how tough things get."

East Yorkshire Foodbank opened in May, 2016, founded by local churches and community groups, to give people in crisis hope, practical help and a brighter future. The charity provides three days' nutritionally-balanced emergency food and support to local people who are referred to them in crisis.

Right: Trustee David Bird helping out at the foodbank.



Beverley Cherry Tree Community Centre

Centre Manager, Jo Ramsay:

"The money will go towards the community pantry we run. We have 150 people using the pantry, who pay £4 weekly for essentials."

"We are now offering recipe bags, containing all the ingredients people need to make a meal for themselves and their families, and the money from the Society has helped to fund those."

The Centre offers a variety of services for Beverley and the surrounding area, including a base for community groups to meet, food for families, free advice, a credit union and the Little Gruffalo's Pre-school. They, too, received £250 as a CoTM.

Dove House Hospice Child Bereavement Group

Dan Clipson, Regional Fundraiser for the Hospice, said: **"Over the past 18 months, we've faced a great number of challenges in raising funds to continue providing our vital care as a result of the pandemic."**

"Donations are of great importance, as they allow us to continue helping local families free of charge."

"Thank you to Beverley Building Society for this kindness."

Another of our CoTMs, Dove House Hospice, in east Hull, looks after patients and their loved ones, as they navigate their way through terminal illness and bereavement, which can be even more bewildering for children.

Jacob's Well Appeal

Bridget Conroy, Office Manager:
"The Beverley's £250 CoTM donation helped to pay for a shipping container we sent to Malawi in East Africa, filled with medical supplies including hospital beds and personal protective equipment (PPE).

"We've been doing this for over 38 years now... the Society and its members really are saving lives with this donation and we are so grateful."

Jacob's Well Appeal is a Beverley-based charity that sends medical, educational, agricultural and disaster relief to the poorest people in the world.



Beverley Riding for the Disabled

Chairman Vic Groundwater said:
"What we do at the charity is truly so rewarding. We work with people who have a range of disabilities and it's amazing what a positive impact the horses have on riders' wellbeing.

"However, without vital donations, we simply can't function. COVID hit us really hard as we weren't able to fundraise, so we are really grateful.

"The Society's £250 CoTM donation went towards funding the first aid training for our volunteers that we cannot operate without. You really are helping us change lives."

Beverley Riding for the Disabled is a registered charity providing weekly horse-riding sessions for people with disabilities, helping them build confidence, a sense of achievement, and have fun.

**£1,800
for Beverley FM**

**£3,000
to Charities of
the Month**

Above: Marketing Officer Ava Fryer (l) with Bridget

Below: (l-r) Ava with the charity's Shirley Hart and Vic



Announcing our new Charity of the Year



Above: (l-r) Jo Ramsay, Pre-school Manager Alison Smith and Pantry Assistant John Carter

We're excited to announce that, after years of running our 'Charity of the Month' programme, we've selected a 'Charity of the Year' for 2022, the Beverley Cherry Tree Community Centre.

Our new Community Committee, made up of Society team members who are passionate about helping good causes, picked the Centre from our list of previous, member-nominated Charities of the Month. It means we'll be supporting their hugely important work for a whole 12 months, in any way we can, all under the theme of 'Building Better Futures'.

We are providing an initial lump sum donation of £2,000, which the charity will use to purchase essential items for the young people who attend its popular Youth Club, fund outings for Centre users and contribute to activities it is planning to

celebrate the Queen's Platinum Jubilee. We'll also be volunteering – helping to run educational sessions about finance essentials with children and teenagers among other things, and 50p from every vote you cast for this year's AGM – which we'll also match fund – will go to the Centre as well.

Keep an eye on our website for details of forthcoming activities and how you, as members, can also get involved, from participating in fun fundraising events we'll be hosting in-branch, to donating items like food for the pantry and resources for use by the Gruffalo's Pre-school children.

Established in 1993, the Centre offers 'a base for local residents, pensioners and those in need, and is an inclusive community providing free advice, foodbank services and community projects'.

Centre Manager Jo Ramsay said: **"It's fabulous to have Beverley Building Society onboard. The funds and volunteering help the team are giving us will make a huge difference and we very much appreciate it."**

Pictured: Simon Glass



More mortgage solutions, for more people, thanks to Simon

January, 2022, saw us welcome our new Head of New Business Lending, Simon Glass, who is responsible for building closer links with mortgage brokers and inputting ideas to help us ensure we continue to meet borrowing members' needs.

With over 20 years' financial services experience, Simon has worked for major high street names like Santander and TSB, as everything from a change manager to a branch-based mortgage advisor and mortgage business development manager.

His new role at the Beverley will be three-pronged – building closer relationships with intermediaries across East Yorkshire and the UK, suggesting how we might develop our mortgages in response to their feedback, and helping us continually improve our lending processes to ensure we maintain the best possible levels of service.

Independent mortgage advisors play an increasingly-important role in helping borrowers navigate today's complex and challenging market. So, by building closer links with them, we hope to meet the needs of even more borrowing members, in line with our founding purpose of helping ordinary people to achieve their homeownership aspirations.

"I'm passionate about mortgages and one of the things I love most is building relationships with brokers and so helping the significant number of customers they serve to achieve their property goals," said Simon.

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I'm passionate about mortgages and one of the things I love most is building relationships with brokers.

"Being involved in policy and product development as well will help me close the loop between what brokers and their borrowers tell me they need, and what we are able to offer them, in a fast-moving mortgage market where it is often hard for people with more complex needs to find lenders that are prepared to think outside the box, as we are."

Welcoming five new recruits

We are pleased to welcome five new recruits to our growing team, who have not only expanded our workforce by around 20 per cent but also bolstered the Beverley's commitment to providing the best possible customer service.

The new appointments are:
Zoe Spence, Collections Manager;
Jacob Chambers, Mortgage Manager;
Steve Brusby, IT Technician;
James Woodhead, Cashier and
Simon Glass, Head of New Business Lending.



Pictured: James Woodhead

Career opportunity

New Cashier James Woodhead, above, has a background in coaching golf and has joined the Society with a view to starting a new, lifelong career. He said: "I work hard to achieve my goals and like finding new ways to develop and grow. I am really enjoying working as part of the Beverley Building Society team and look forward to developing my career with them in the future."



Pictured: Jacob Chambers

Supporting trainees

The Society's new Mortgage Manager, Jacob Chambers, above, graduated from the University of Hull with a degree in business studies in 2019, and then qualified as a mortgage advisor. He steps into a trainee role at the Society that became vacant when its previous occupant achieved promotion after completing his CeMAP mortgage advice qualifications.

Passionate about customer service

Zoe Spence says she 'has a passion for customer service' and thrives on helping others. Her previous work experience includes establishing a credit control team for Npower in Cape Town. As Collections Manager, she is responsible for the design and implementation of the Society's arrangements for collecting monies due as a result of its lending activities.

IT expertise

IT Technician Steve Brusby comes from a first-line response role with Hull telecoms giant KCOM, where he specialised in telephony systems as well as the internet. He said: "In my new job I'll be offering first-line support to staff and customers, and supporting projects in line with the Society's IT strategy. I'm enjoying working with Head of IT Darren Noonan and the wider team."

Meet the board



Stuart Purdy

Non-Executive Director, Chair

Joined in 2018. Member of the People & Culture Committee. Experienced in developing businesses and implementing strategic growth plans in financial services companies. Stuart leads an effective Board, promoting inclusive discussion based on relevant information. He also leads on the development and embedding of the Society's culture, as well as having responsibility for Board members' induction, training and professional development.



Karl Elliott

Chief Executive

Joined in 2017. Member of the People & Culture Committee. A business leader with over 25 years' experience of delivering successful strategic and organisational change for financial services mutuals. Karl has overall day-to-day responsibility for all aspects of the Society's performance, including financial, regulatory, risk and people management.



Mike Heenan

Non-Executive Director

Joined in 2012. Chair of the Audit & Compliance Committee and member of the Risk Committee. Qualified Chartered Accountant with extensive knowledge of the building society sector. Mike provides a wealth of experience and knowledge of the sector and the Society's legacy lending, ensuring continued careful management of the legacy commercial mortgage book.



Janet Bedford

Deputy Chief Executive and Finance Director

Joined in 2014. A qualified Chartered Accountant with extensive financial services experience. Janet is responsible for the Society's financial management and controls, allocation and maintenance of capital, funding and liquidity; treasury, financial information and regulatory reporting, and internal stress tests. She is also responsible for the management and oversight of technology within the Society.



Sue Symington

Non-Executive Director

Joined in 2013. Chair of the People & Culture Committee, which discharges the functions of a remuneration and a nominations committee. Member of the Risk Committee. A Chartered Director and Chartered Fellow of the Institute of Personnel and Development, Sue provides human resources experience, focusing on colleague matters such as succession planning, reward, learning and development, and performance management.



Mark Marsden

Risk Director

Joined in 2014. Mark has 18 years' retail lending and deposit-taking experience. He defines and oversees implementation of the Society's credit and operational risk management arrangements (including as Money Laundering Reporting Officer and Data Protection Officer). He also manages the financial risks associated with climate change.



Karen Wint

Non-Executive Director

Joined the Board in February 2021. Chair of the Risk Committee. Member of the Audit & Compliance and People & Culture Committees. Karen has over 30 years' experience in the building society sector, having been responsible for technology, customer services, operational resilience, change delivery and human resources, most latterly as an executive director of Leeds Building Society.



Oliver Laird

Non-Executive Director

Joined in February 2022. Member of our Audit & Compliance and Risk Committees. Oliver is an experienced chief financial officer with significant public and private sector experience, including retail financial services and time as a member of an audit committee. Currently undergoing induction with a view to becoming Chair of the Audit & Compliance Committee (subject to regulatory approval).

Directors' Remuneration Report

for the year ended 31 December 2021

This report explains how the Society has regard to the principles in the UK Corporate Governance Code 2018 relating to remuneration.

The Society has adopted a Remuneration Policy, which describes how the Society complies with the relevant sections of the Financial Conduct Authority's (FCA) Remuneration Code. The remuneration of individual directors is detailed below.

The level and components of remuneration

Code principles:

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.

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.

Non-Executive Directors' remuneration

The functions of a remuneration committee are discharged by the People & Culture Committee, which reviews the remuneration of all Non-Executive Directors on an ongoing basis, using external data for other comparable building societies and comparing any increase to those applied to the executive directors. 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.

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.

Pensions

This involves the Society contributing to the personal pension arrangements of its Executive Directors. The Society does not have a defined benefit or final salary pension scheme.

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.

Contractual terms

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

The procedure for determining remuneration

Code principle:

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 functions of a remuneration committee are discharged by the People & Culture Committee, which consists of two Non-Executive Directors and the Chief Executive. The Chief Executive takes no part in the determination of their own remuneration.

The People & Culture Committee is responsible for the Remuneration Policy for all Directors and senior management of the Society. It meets at least quarterly and reviews supporting evidence from within the building society sector on comparative packages. The Committee takes into account relevant factors from the UK Corporate Governance Code and the Society complies with the relevant and applicable aspects of the FCA Remuneration Code.

Directors' remuneration (audited)

Directors' emoluments	2021 £000	2020 £000
For services as a director	107	104
For executive services	398	382
Total	505	486

Emoluments of the Society's Directors are listed below

	Fees £000	Fees £000
For services as a Director		
S Purdy (Chair of the Board)	27	27
RA Pattinson (Senior Independent Director, former Chair of the Risk Committee)	14	19
M R Cocker (former Chair of the Audit & Compliance Committee)	-	4
M R Heenan (Chair of the Audit and Compliance Committee)	18	17
S A Symington (Senior Independent Director, Chair of the People & Culture Committee)	17	17
E Morley (Chair of the Risk Committee)	15	20
K R Wint (Chair of the Risk Committee)	16	-
Total	107	104

Directors' remuneration continued

	Salary £000	Benefits £000	Pension £000	Total £000
For executive services				
2021				
K J D Elliott (Note 1)	169	1	-	170
J E Bedford	117	1	12	130
M Marsden	88	1	9	98
Total	374	3	21	398

2020				
K J D Elliott (Note 1)	165	1	-	166
J E Bedford	109	1	10	120
M Marsden	86	1	9	96
Total	360	3	19	382

Note 1: Included in the 2021 salary of K J D Elliott is £19k which represents cash payments in lieu of pension and car benefit (2020: £19k).

S A Symington
Chair of the People & Culture Committee
 10 February 2022

Summary Financial Statement

for year ended 31 December 2021

This financial statement is a summary of information in the audited annual accounts, the Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge, on demand, at the head office of Beverley Building Society, after 31st March 2022.

The COVID-19 pandemic has continued to impact on the UK economy, although we are starting to see some positive signs. UK gross domestic product (GDP) is estimated to have grown by circa 7% in 2021, following the previous year's fall of nearly 10%, and although many areas of the job market have recovered strongly with job vacancies currently totalling more than 1.2m, unemployment in the economy remains somewhat uneven.

Throughout 2021, the UK housing market has remained strong, with double digit growth across much of the UK. Strong demand in the market was supported by the impact of stamp

duty reductions and continued favourable interest rates. This impact has driven UK house price increases of 10.4%, with Yorkshire and Humberside recording a 10.8% rise (source: Nationwide Building Society House Price Index).

The Society recognises that the longer-term outlook for the mortgage market remains uncertain and will depend on the pace of the economic recovery, inflationary pressures, the impact on borrower confidence of planned tax rises and possible further interest rate increases by the Bank of England.

The UK savings market has continued to grow in 2021, largely as a result of reduced spending opportunities as well as increased appetite for holding cash savings to safeguard against unforeseen events.

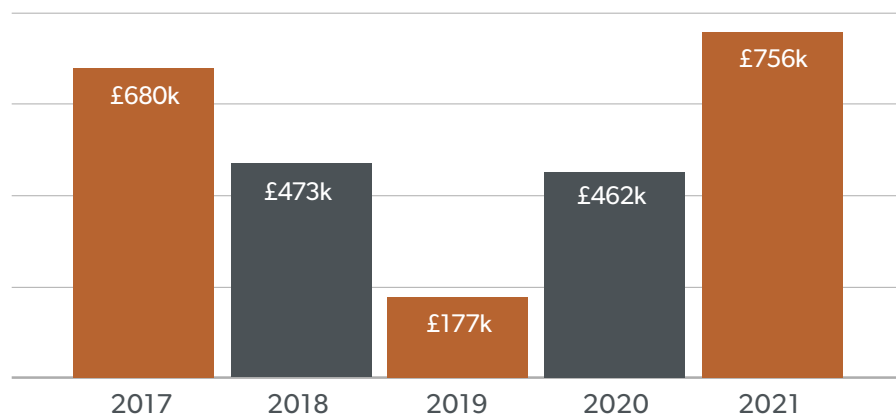
Despite a year of economic uncertainty and further lockdowns, the Society has delivered a strong set of results. Key highlights include:

- Profit before tax of £756,000, an improvement of £294,000 on prior year, driven by an improved Net Interest Margin (NIM) and reduced provisions against non-performing loans
- The balance sheet has grown by 3%, with the Society total assets now £207m
- Funding has increased by £6.3m, driven primarily from members in the local area
- While the Beverley's mortgage portfolio reduced by 2% in 2021 to £146m, this was partly the result of proactively managing down the legacy book to allow the Society to position itself for targeted growth in 2022
- The Society continues to offer competitively-positioned mortgage products that have resulted in the Society retaining 81% of mortgages that had come to the end of their discounted mortgage scheme period in 2021
- The Society maintains a conservative lending policy, which is reflected in the average loan to value (LTV) ratio which has fallen for the eight-consecutive year to 31%
- Capital continues to grow steadily, helping to protect the Society in challenging economic times.

Profitability

As a mutual, the Society does not pay shareholder dividends. The Society's policy is also not to pay bonuses to colleagues; profit is therefore fully re-invested back into reserves, building financial strength and providing long-term resilience for members' benefit.

Profit before tax



Profit before tax of £756,000 has increased by £294,000, driven by a higher net interest margin and lower provisions against non-performing loans. As shown in the graph, profitability has outperformed recent years but is expected to reduce in 2022 as recruitment and project spend picks up.

Costs have increased compared to 2020, when recruitment and project costs were deferred due to the pandemic. As 2021 has started to open up, the Society has commenced recruitment and other projects. As a consequence, the cost base has increased by £339,000. The Society monitors the cost base carefully and continues to have one of the lowest cost/mean assets ratios in the building society sector.

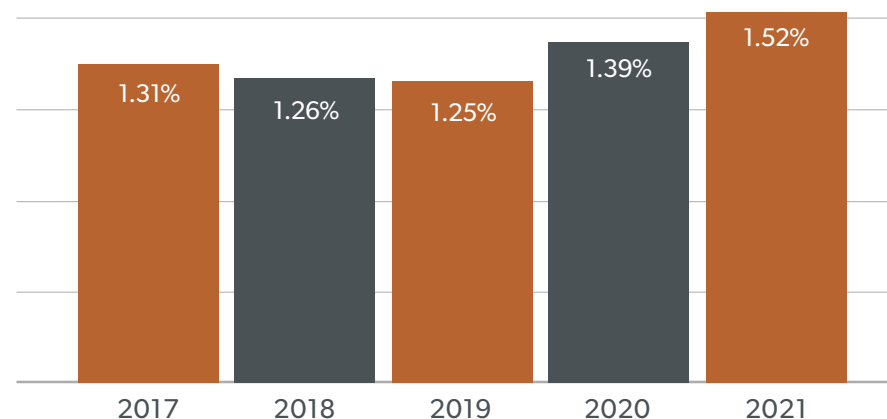
Impairment charges have reduced year-on-year. The Society has managed to minimise the number of mortgages in arrears through its lending criteria and by actively working to reduce the legacy commercial portfolio, which previously represented a disproportionate share of the provision due to its higher risk.

Net Interest Margin

(The difference between interest received on assets and interest paid on liabilities, measured as a percentage of mean assets).

The Net Interest Margin has increased during the year. The Society continues to focus on niche lending to maintain its interest income in a very competitive marketplace. The cost of funds reduced further in the year, with Bank of England base rates remaining at historic lows until the 15-basis-point increase in December.

Net Interest Margin

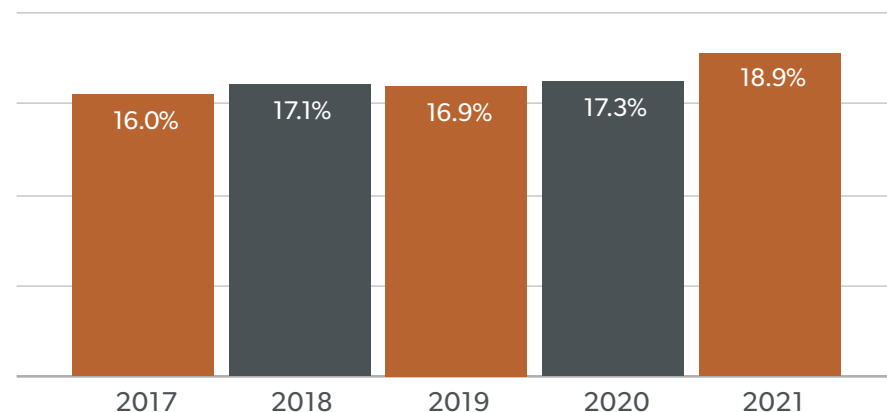


Capital

Capital is a key measure of the Society's financial strength and is primarily comprised of accumulated profit reserves. Capital supports business growth and protects the business against its principal risks. In addition, higher levels of capital ensure that the Society can respond to the greater protection buffers required under the Capital Requirements Directive (CRD).

Total Capital Ratio

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).



The minimum regulatory capital requirement reduced in March 2021, following the latest Prudential Regulation Authority (PRA) capital review that was conducted in December 2020.

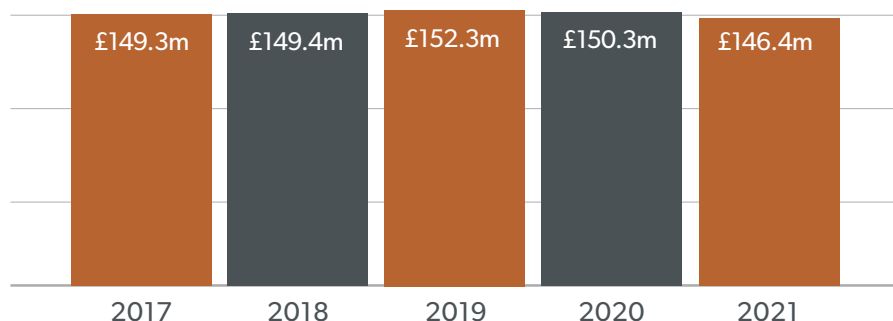
	Definition	2021	2020
Total capital requirement	The Society's minimum regulatory capital requirement. Presented as a percentage of RWA.	8.00%	8.98%

The Society's capital position is set out in more detail in its Pillar 3 Disclosure document. The 2021 document will be available on the Society's website from April 2022.

Loans and advances to customers

During the year the Society advanced gross mortgages of £19.3m (2020: £19.9m) and retained 81% of residential mortgage schemes that had come to the end of their discounted mortgage scheme period in 2021 (2020: 81%).

Total mortgage balances (gross of mortgage loss provision)



At the year end there were outstanding mortgage commitments of £4.8m.

In terms of arrears at the year end, there was one arrears case with a total balance outstanding of £27.9k and a total arrears balance of £3.6k (2020: one case with a total balance outstanding of £25.5k, and total arrears of £2.3k) where repayments were more than 12 months in arrears. As at 31 December 2021 there were four cases in possession or under Law of Property Act Receivership (2020: five cases).

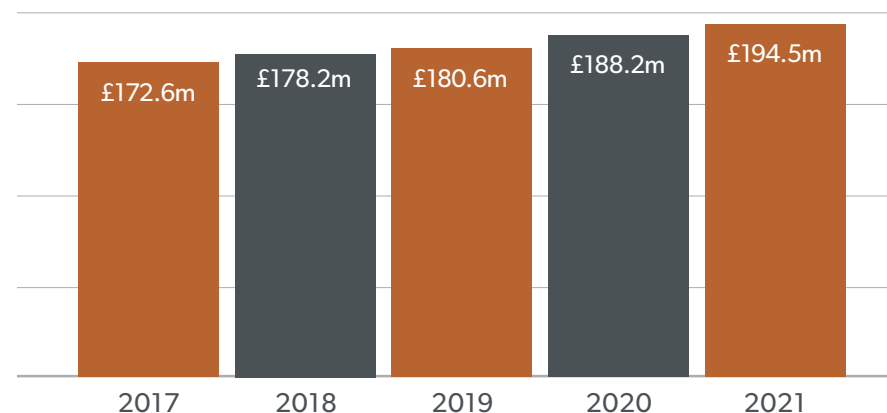
The Society will continue to take all necessary steps to help borrowers in payment difficulties while at the same time trying to minimise losses to the Society and ensure that our lending policy has appropriate regard to economic conditions and the customer's ability to repay.

Shares and borrowings

The Society offers straightforward savings 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.

Reflecting the general trend in UK savers' balances during the pandemic, the Society's shares and deposits balances grew significantly in 2021, by a total of £6.3m (2020: increase of £7.6m).

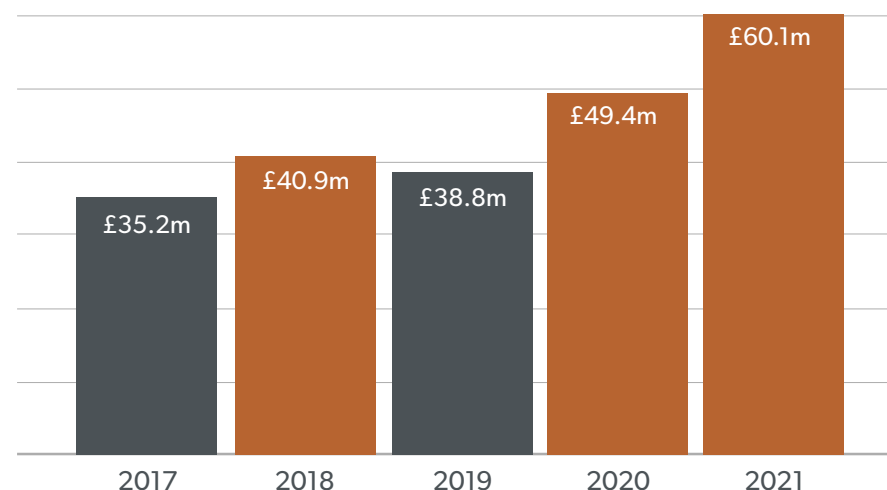
Shares and borrowings



Liquid assets

Liquid assets in the form of cash and securities at the year end were £60.1m, representing 30.9% of shares and borrowings, driven by the strong inflow in member funding during the year. During 2021 the Society chose to maintain above-average rates for its savers despite this strong inflow, to reward members for their continued loyalty and stay true to its purpose of providing fair and transparent rates. The Board currently invests only in the Bank of England. The impact of this conservative treasury approach is to reduce both liquidity and capital risk, important in an uncertain economic environment.

Liquid assets



The Liquidity Coverage Ratio is a measure of liquid assets which can be converted to cash to meet cash outflows in the event of a stress scenario. The Society is required to maintain a minimum of 100% to meet regulatory requirements.

	2021	2020
Liquidity Coverage Ratio	1,135%	618%

Results for the year

	2021	2020
	£000	£000
Net interest receivable	3,156	2,729
Other income and charges	51	56
Administrative expenses and depreciation	(2,391)	(2,065)
Provisions for loan impairment	(56)	(262)
Provisions for contingent liabilities and commitments		
FSCS levy	(4)	4
Profit for the year before taxation	756	462
Taxation	(146)	(97)
Profit for the year	610	365

Statement of Other Comprehensive Income

	2021	2020
	£000	£000
Profit for the financial year	610	365
Other comprehensive income		
Revaluation of freehold land and buildings	(83)	(159)
Total comprehensive income for the year	527	206

Financial position at the end of the year

	2021	2020
	£000	£000
Assets		
Liquid assets	60,087	49,391
Mortgages	145,680	149,501
Fixed and other assets	1,063	1,118
Total assets	206,830	200,010
Liabilities		
Shares	179,560	170,333
Borrowings	14,904	17,915
Other liabilities	363	286
Revaluation reserve	329	412
General reserve	11,674	11,064
Total reserves and liabilities	206,830	200,010

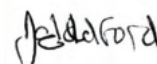
Approved by the Board of Directors on 10 February 2022 and signed on its behalf by:



S E Purdy Chair



K Elliott Chief Executive



J E Bedford Deputy Chief Executive

Summary of key financial ratios

	2021	2020
	%	%
Gross capital as a percentage of shares and borrowings	6.17	6.10
Liquid assets as a percentage of shares and borrowings	30.90	26.24
Profit for the year as a percentage of mean total assets	0.30	0.24
Management expenses as a percentage of mean total assets	1.16	1.04

Explanation of key financial ratios

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 and revaluation reserve.

Mean total assets are the average of the 2020 and 2021 total assets.

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

Independent auditors' statement

on the Summary Financial Statement to the members of
Beverley Building Society

We have examined the Summary Financial Statement of Beverley Building Society (the 'Society') set out on pages 26 to 33, which comprises the Results for the Year, Statement of Other Comprehensive Income, the Financial position as at 31 December 2021 and the Summary of Key Financial Ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in the Member review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chair's review, Directors' Remuneration Report and the other items listed on the contents page.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 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 statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Report and Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Beverley Building Society for the year ended 31 December 2021 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
10 February 2022



Join our AGM in-person!

**Monday
25 April
from
5.30pm**

To help keep our members safe from COVID-19, we have held our Annual General Meeting behind closed doors or online for two years.

However, as restrictions are easing in the UK, we are planning to hold our more traditional, face-to-face event again in 2022.

On Monday, 25 April, from 5.30pm, we will be hosting the event at our local department store, Browns, in Saturday Market, Beverley. If you would like to attend, please:

- Email AGM2022@Beverleybs.co.uk to let us know, providing your name and account number

- Bring along your voting form (enclosed with this magazine) in order to cast your vote during the event.

We will provide a transcript of the event via our website, afterwards, for those members unable to be there.

All questions must be received by us, by 4pm on Thursday, 21 April, and will be answered by our Board members during the event. You can cast your vote either via the dedicated online voting portal, by post or in-branch. You'll find full details on your enclosed voting form.

2021 AGM voting results

Resolution	Total Votes	For	Against	Witheld
To receive the Annual Report & Accounts	982	946/97.23%	27	7
To appoint PricewaterhouseCoopers LLP as auditors	982	907/94.03%	58	11
To elect Karen Rita Wint	982	909/95.62%	42	23
To re-elect Mark Marsden	982	907/95.32%	45	20
To re-elect Janet Elizabeth Bedford	982	916/95.65%	42	16
To re-elect Richard Anthony Pattinson	982	905/95.11%	47	20
To approve Directors' Remuneration Report	982	853/89.06%	106	12