Est. 1866

BEVERLEY
BUILDING SOCIETY

Building Better Futures

ANNUAL REPORT & ACCOUNTS

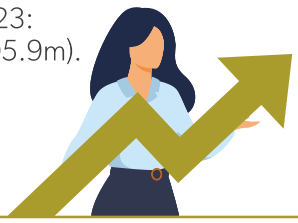
for the year ended 31 December 2024

2024

Contents

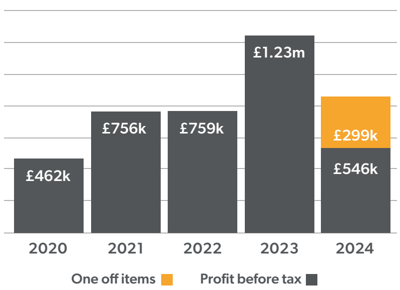
Highlights of the year...

Growth in assets of 8% to a record high of £223.0m (2023: £205.9m).

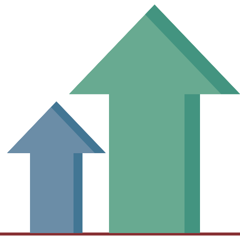


Profit before tax of £546k (2023: £1.2m).

Excluding one-off system investment costs and profit on disposal of investments the profit before tax is £845k (2023: £1.2m).



We paid 45% more interest to our savings members compared to prior year as a result of growth in our savings book and competitive savings rates.



Cash and cash equivalents have increased significantly to £73.0m compared to £42.2m in 2023 demonstrating a strong liquidity position.

£20,500

We donated £20,500 back into **our local community** in 2024. Within this we supported Yorkshire Cancer Research in Hull as our charity of the year with over £12,500 of support, through organising fundraising events and donations.

Mortgage balances reduced to **£149.6m** (2023: £162.8m) and generated **£9.2m** in income for the Society (2023: £8.0m).

We worked hard to ensure we were able to offer competitive, sustainable products to our mortgage members, both new and existing, in a challenging trading environment.

Funding has increased by £16.8m (8.8%), as we have offered competitive savings rates and introduced two new notice accounts, 90 day and 60 day, seeing significant inflows.

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

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

Chair's Statement

for the year ended 31 December 2024

I am pleased to report that Beverley Building Society delivered another solid financial performance against a challenging economic backdrop for the year ended 31 December 2024. We also made significant progress modernising the business, and with the plans for updating our core IT platform, whilst continuing to deliver excellent service to our members.

Financial highlights

We ended the year with 8% growth in assets to a record high of £223.0m (2023: £205.9m). This was despite the mortgage market being very competitive resulting in lower new lending compared to 2023. Mortgage balances reduced to £149.6m (2023: £162.8m) and generated £9.2m of income for the Society (2023: £8.0m).

Our savings members really value the face-to-face friendly service offered in our branch, combined with an attractive range of products and fair returns. As a result savings balances increased to almost £209m (2023: £192m) also a new record for the Society.

Liquid assets grew strongly to £73.0m (2023: £42.2m) and contributed £2.6m (2023: £1.8m) to our total income of £11.9m (2023: £9.8m).

I explained in my report last year we have entered a period of investing in our people and the programme to renew our core technology platform and there is more detail in the Chief Executive's Review. Expenditure has increased to accommodate this investment reducing Profit before Tax to £546k (2023: £1.2m). Underlying profit excluding one off expenditure related to the renewal of the core technology platform and the profit on the disposal of shares in Mutual Vision Technologies Limited was £845K (2023: £1.2m).

General Reserves increased to £13.7m (2023: £13.2m) enhancing our financial strength, resilience and the ability to invest in the future of the business. During the year the Board carefully considered the options to update our core system and concluded on a clear way forward. In making the decision we have planned to fund some of the investment over the next two years from reserves to cover the one-off project costs.

Board Changes

Mark Marsden, our Risk Director, stepped down from the Board at the end of June, I am grateful to Mark for the contribution he made to the Society over many years. There were no other changes to the Board in 2024.

I would like to thank all of our Society colleagues for delivering another successful year. Member feedback continues to show that it is the personal care and attention given by our people that makes Beverley Building Society stand out. Finally, I would like to extend my heartfelt gratitude to our members, my Board colleagues, brokers, suppliers and community partners for your invaluable ongoing support of the Society.

Karen Wint
Chair

KWint

4th March 2025

Chief Executive's Review

For the year ended
31 December 2024

Economic performance in the UK and globally has been mixed in 2024, with low growth, higher interest rates and the continued cost of living challenges significantly impacting our community and the markets in which we operate.

Despite this difficult environment, I am proud of what the Society collectively has delivered:

- A solid financial performance, growing assets to record levels and posting a £546k profit before tax (2023: £1.2m), after significant investment in technology.
- As a mutual, here to serve our members, we achieved 4.93 out of 5 in our overall customer satisfaction scores in 2024 (2023: 4.87).
- A detailed investigation and tender process enabling the Society to confidently conclude on our future core technology provider.
- Launched a suite of popular new savings notice accounts, now available for the first time for members to open and manage online.
- Increased member numbers from 14,744 to 14,925 and record savings balances of £208.7m (2023: £191.9m).
- Won both Yorkshire Finance Awards for Mortgage Provider of the Year and Outstanding Customer Service.

Despite the strong growth in savings and treasury assets, 2024 was a particularly challenging year for new mortgage lending, resulting in an overall reduction in our mortgage portfolio. The mortgage section below outlines the reasons and the plans we have put in place to respond to this difficult operating environment.

As flagged in last year's accounts, we have entered a period of substantial investment in our core platform, which will transform our ability to respond to member needs and make the Society fit for the future. The Society's performance before and after this one-off investment is shown on page 11, without this investment the underlying business generated a profit before tax of £845k (2023: £1.2m). Investment is forecast to remain high over the next two years as outlined in more detail in the "Investments in Technology and People" section below.

Society's Purpose

The Board in 2024 has considered and reconfirmed the Society's purpose and strategic pillars, which outlines what we are here to achieve and deliver.

Our purpose and pillars are at the heart of all the Society's plans.

Purpose

Building better financial futures for our members and the East Yorkshire community is at the heart of everything we do, it has been since 1866.

Strategic Pillars

- Providing financial security for our savers
- Helping more people, challenged by the market, to live in the home they choose
- Supporting our community, to enable it to be an even better place to live
- By providing flexible, exceptional service, build long lasting customer and partner relationships

Savings

In line with expectations the UK retail savings market grew in 2024, with products such as ISA and notice accounts proving particularly popular. There was intense competition as many larger organisations targeted savings to replace the £200bn Bank of England borrowings they were required to repay.

Despite this challenging market, the Society has grown its saving's balances by 8.8%, by ensuring we continue to offer good value saving rates over the long term, combined with exceptional personal service. In addition, we have expanded our highly competitive range of new notice accounts, which received £12.1m of inflows in 2024. Following investment in digital technology, we are also delighted to announce that for the first time both notice and fixed rate bond accounts can be opened and managed securely online.

Our branch continues to be at the heart of our Society. As many banks are retreating from the high street or providing only automated solutions, we remain committed to providing a personal friendly service.

Mortgages

Whilst house prices in the UK have continued to rise, given the challenging economic environment, volumes in the UK mortgage market have remained subdued. The reduced volumes in the market over the last two years have resulted in a highly competitive environment with many larger lenders changing their criteria to encompass previously underserved segments of the mortgage market, which is the Society's key focus.

This has provided a particularly challenging trading environment for the Society, resulting in lower new advances than in 2023. In response, as a Board we have reviewed and redrawn our key market segments, recognising certain markets have now become increasingly better served in the new landscape. In addition, we have recruited a Head of New Business, who brings with him over 20 years of broker and business development leadership experience.

In line with our purpose, we remain committed to those underserved by the mainstream market, for example, 36% of mortgages were to self-employed, 34% were to those in later life and 23% were to those wishing to build their own homes.

Despite the difficult financial environment for many in the UK, our arrears position as outlined in the Directors' Report, remains low demonstrating the underlying quality of the Society's mortgage portfolio. Due to prudent lending, our average loan to value ratio (LTV) remains low at 31.4% (2023: 32.7%), which significantly protects the Society from future losses.

Customer Service

Whilst we seek to invest in automating our processes and provide members with compelling digital offerings, what we believe sets us apart is our outstanding personal service, delivered by colleagues who go above and beyond every day to serve and support our members.

As a Society we could not be prouder of the independent customer feedback results collated by Smart Money People, which are some of the highest in the sector:

Smart Money People Results – Member feedback	2024	2023
Overall Satisfaction Rating (out of 5)	4.93	4.87
Net Promoter Score (NPS) i.e. how likely are customers to recommend the Beverley (maximum +100)	+90.9	+83.9
Customer Service (out of 5)	4.94	4.95
Fairly Treated (out of 100%)	99.2%	98.3%

As a management team we review all member feedback monthly, to continually refine our offering and service. To illustrate, one of the most regular pieces of feedback we receive from savings members in 2023 was the inability to open accounts online, which we have now started to deliver. I would encourage all members to participate either via the paper surveys or online. (https://smartmoneypeople.com).

Investment in Technology and People

Our colleagues power the Society, with their hard work and commitment delivering the key achievements and the exceptional feedback scores noted above.

As set out above, over the next few years we are undertaking a once in a generation level of investment in our technology, which will allow us to modernise, give greater access to digital products and ensure we are fit for current and future member demands. In planning for this change we will continue to bring in the right level of skilled resources to ensure our service to members remains high.

In the last 18 months we have changed our colleague structure to reflect this new environment, we have brought all the operational teams under a single point of management and recruited a Chief Operations Officer to oversee the transformation project, together with dedicated change resource. In addition, after the departure of our Risk Director, we have re-structured the Risk team, replacing the role of the Executive Risk Director with an experienced Chief Risk Officer.

We remain committed to paying the Living Wage and have received accreditation in 2024 from the Living Wage Foundation.

Community

As noted above, a key strand to our purpose is to give back to our region. In 2024 we have been delighted to support Yorkshire Cancer Research (YCR) as our Charity of the Year following a recommendation from the parents of a former Beverley Building Society member who sadly passed away from ovarian cancer. We have undertaken an array of fundraising events from a bike challenge to quiz nights and bake sales. In May a number of colleagues joined the YCR "We walk for Yorkshire campaign", raising £6,200. I am delighted to report, with the support of Members, family and friends we have managed to donate £12,500 to this vital charity, which supports cancer research and screening in our region. You can read and watch more about our fund raising activities here https://www.yorkshirecancerresearch.org.uk/news/beverley-building-society-makes-vital-contribution.

In addition to the Charity of the Year, we have continued to support local, valued institutions which rely on donations such as Beverley Rugby Union, the children's charity Transforming Lives for Good (TLG), Beverley Community Lift and East Riding Theatre. Looking ahead in 2025 we are proud to be supporting Hull and East Yorkshire MIND, an independent charity and housing association providing support to those experiencing poor mental health, as our charity of the year.

Climate Change

We are committed to taking practical steps to minimise our own carbon footprint, for example, over the last few years we have invested in high efficiency heating solutions and introduced technology to substantially reduce the amount of paper we use. We also take a practical approach to hybrid working which both serves the business and reduces transport emissions.

As a responsible lender, every three years we commission an independent report to consider the potential financial risk posed by the impact of climate change on the Society's mortgage assets, to ensure the financial impacts are understood. This assessment has been undertaken, and concludes that there is no increased risk, this will be reviewed by the Board in the first half of 2025.

Looking Ahead

We recognise that strong competition in the mortgage and savings market is likely to continue in 2025, but we are a financially strong organisation and are confident in our abilities to successfully navigate this challenging environment.

By investing in new technology over the next few years, we believe we will transform the service we are able to offer and better serve our current and future membership. Read more about our digital transformation journey in section 8 of the member booklet.

At all times however, we remain committed to our purpose outlined above, to building better financial futures for our members, partners and community.

Janet Bedford
Chief Executive Officer

JEBedford

4th March 2025

Board of Directors

for the year ended 31 December 2024

Executive Directors

Janet Bedford

Chief Executive Officer

Janet became Chief Executive Officer in 2022, leading the Society in order to deliver its purpose, to deliver better financial futures to our members and community. A Chartered Accountant, she has been with the Society for over ten years, initially as Chief Financial Officer then Deputy CEO. She has over 20 years extensive senior leadership experience within financial services.

Sally Hall

Chief Financial Officer

Sally joined the Society in October 2023. Sally is an accomplished finance leader and has over 20 years of experience across varying sectors, including financial services. Sally leads the finance team to deliver value to our members whilst maintaining the financial regulatory requirements of the Society.

Non-Executive Directors

Karen Wint

Non-Executive Director

Karen joined the Board in 2021 and became Chair in February 2023. 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 is also 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, operational resilience, culture change and brand development. Working with business leaders to develop operational excellence, Bob is our People and Culture Chair, Whistleblowing Champion and a member of the Risk Committee.

Non-Executive Directors

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, first direct Bank and more recently at Lookers plc. He is Chair of our Audit & Compliance Committee and a member of the Risk Committee.

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 is also the Senior Independent Director, who deputises for the Chair in their absence. Barry is a member of the People and Culture Committee and Audit & Compliance Committee.

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. He is Chair of the Risk Committee and is a member of the Audit & Compliance 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 2024

The Directors have pleasure in presenting their Annual Report, together with the Audited Accounts and Annual Business Statement for the year ended 31 December 2024.

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 been mixed in 2024, however it did show some signs of growth particularly in the first half, with inflation steadying just above 2%. We saw the Bank of England making some base rate reductions, with the rate starting the year at 5.25% and ending the year at 4.75%. The economic environment has resulted in more competitive mortgage and retail savings markets as customers shop around. The Society strived to ensure it was able to offer competitive products to members through this period. We had a particular focus on ensuring competitive products were offered to existing members reaching the end of mortgage deals.

Despite the mixed economic environment, the Society managed to grow its savings balances by 8.8%, by ensuring we continue to offer good value saving rates over the long term, combined with exceptional personal service. Throughout 2024 we also focused on growing our notice accounts, offering competitive rates and seeing inflows of £12.1m. Despite some easing of affordability constraints and rising real wages, remortgaging activity in the country was relatively subdued in 2024, and whilst the number of house purchases increased 4% from 2023, activity was still well below the average levels seen in the decade before 2023. The Society saw new advances lower than anticipated, however, as detailed above, we have reviewed our key market segments and remain committed to serving those underserved by the mainstream market.

Economic Outlook

The Bank of England base rate is projected to gradually decrease over the next five years, although significant economic uncertainties persist. While this easing of monetary policy could stimulate borrowing and potentially improve mortgage affordability, the overall economic outlook remains cautious. Factors such as inflation, which, despite projected decreases, could still outpace wage growth, and potential fluctuations in unemployment, create a complex environment. These uncertainties may influence both consumer confidence and spending, impacting savings rates and the demand for mortgages. Specifically, the mortgage market is anticipated to see increased activity driven by improved affordability and rising real wages, although house price growth predictions are mixed. The increasing number of maturing fixed-rate mortgages will also contribute to remortgaging activity. On the savings front, real returns could be challenged by persistent inflation, potentially influencing saving behaviours.

Despite these challenges and market fluctuations, the Society remains committed to providing mortgage finance to both current and new members. This commitment is underpinned by our focus on local savings, our aim to support families, particularly within our region, in achieving affordable home ownership, while simultaneously ensuring the long-term sustainability and financial health of the Society.

Business Performance

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

2024 Highlights

- Profit before tax of £546k (2023: £1.2m), as highlighted in the 2023 Report and Accounts, the Society has commenced its strategic investment in our core system upgrades.
- Excluding the one-off core system upgrade costs and the profit on the disposal of our shares in MVT, the underlying Profit before tax is £845k (2023: £1.2m)
- 2024 saw the Society offer competitive savings rates and with growing savings balances this resulted in the savings interest payable to our members increasing by 45.1% compared to last year.
- New advances in 2024 were below what was anticipated due to the competitive trading environment, which, including redemptions, resulted in the mortgage book shrinking by 8.1%.
- Funding has increased in 2024 with our new notice accounts being very successful, resulting in our savings portfolio increasing by 8.8%.
- The liquid assets on the Balance Sheet increased to £73.0m (2023: £42.2m), this resulted in income from investments increasing by 49.1% on prior year.
- 8% growth in assets to a record high of £223m (2023: £206m).
- The Society continues to hold a strong Capital position of £13.7m (2023: £13.2m) which helps 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 impacted in 2024 by a full year of the higher Bank of England base rate.

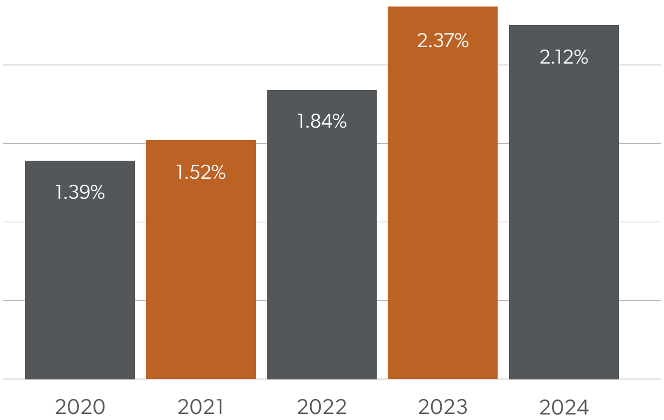
The Society was able to increase the rate to its savers, as the retail market responded to rises in the bank base rate, and we also launched some competitive notice accounts. This resulted in the interest payable for the Society increasing from £4.97m in 2023 to £7.20m in 2024.

At the same time, as we increased interest payable by £2.23m, we saw an increase in the interest income from mortgages by £1.21m to £9.20m (2023: £7.99m). Income from investments also increased in the year by £0.87m to £2.64m (2023: £1.77m), as the Society was able to make a better return on its liquid funds in the higher interest rate environment.

Despite the challenging trading environment, particularly on mortgages, the Society's net interest margin saw only a modest reduction in the year from 2.35% to 2.12% and our net interest income was £4.63m (2023: £4.79m)

Net Interest Margin

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



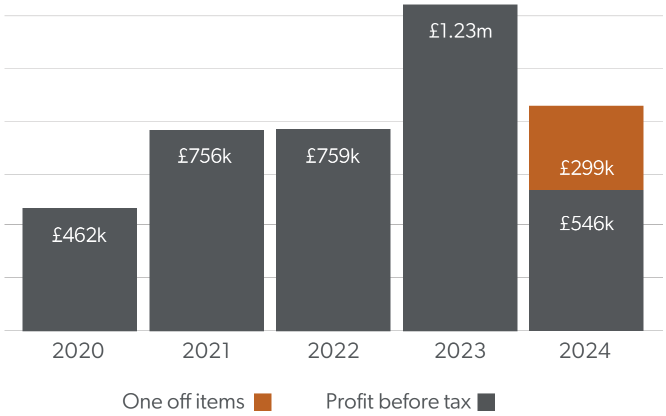
Administrative expenses have risen in the year to £3.9m (2023: £3.1m). This is as a result of increased investment as we ensure our Society is sustainable in the future, from both a resource and systems perspective. These costs have increased the management expense ratio (management expenses/total mean assets) in the year to 1.83% (2023: 1.58%) and the cost / income ratio has risen to 83.1% (2023: 66.3%). As described above this is, in part, due to the one-off core system costs which the Society has incurred in 2024 of £342k. Excluding the one-off costs the cost / income ratio would be 75.8% (2023: 66.3%). One-off costs are expected until 2027 as we implement our new core system.

The Society has increased the provisioning against its overall mortgage book by £248k (2023: £396k). The additions were mostly against legacy commercial properties reflecting borrower specific circumstances (More information on provisioning can be found in the Risk Management Report on page 15).

As a result of the modest reduction in the net interest income margin, and the increases in administrative expenses the Society's profit before tax (PBT) for 2024 was £546k (2023: £1,230k). Excluding one-off core system costs and the profit from disposal of shares in MVT, the underlying profit before tax is £845k (2023: £1,230k).

	2024	2023
	£000	£000
Profit before tax	546	1,230
Profit on Disposal of MV Shares	(43)	
Strategic IT investment costs	342	-
Underlying operating profit before tax	845	1,230

Profit before Tax (£)

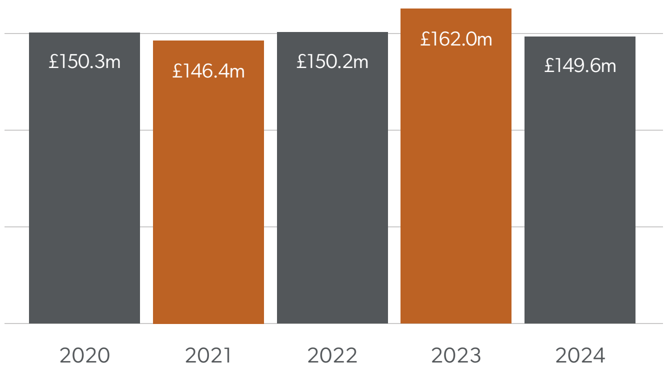


Balance Sheet

Loans and Advances

During the year the Society lent £17.1m of mortgages (2023: £35.8m) and retained 69% of residential mortgage schemes that had come to the end of their mortgage scheme period (2023: 81%). The challenging trading environment resulted in a reduction in the mortgage book by 8.12% from £162.8m to £149.6m. The Society worked hard to provide mortgage products and offerings that serve existing and future members even in challenging economic and market conditions. The Society has reviewed and redrawn our key market segments, and we have recruited a Head of New Business to support our mortgage book growth, which along with core system re-platforming is our main strategic priority.

Mortgage Book (£'m)



Liquidity

Liquidity was £73.0m at year end compared to £42.2m at the beginning of the year. This was due to the increase in our savings book to £208.7m (2023: £191.9m) and reduced lending. The strong liquidity position has resulted in the Society increasing the interest income on liquidity balances from £1.77m in 2023 to £2.64m in 2024.

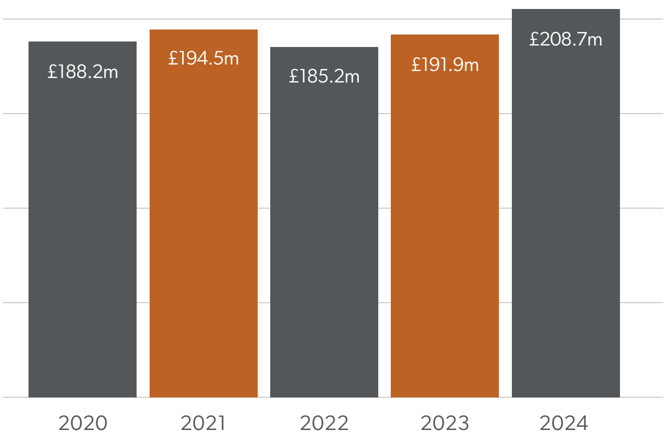
Directors' Report

continued

Shares and Borrowings

The Society has grown its savings balances by 8.8% to £208.7m, by ensuring we continue to offer good value saving rates over the long term, combined with exceptional personal service. In addition, we have expanded our highly competitive range of new notice accounts, which received £12.1m inflow in 2024.

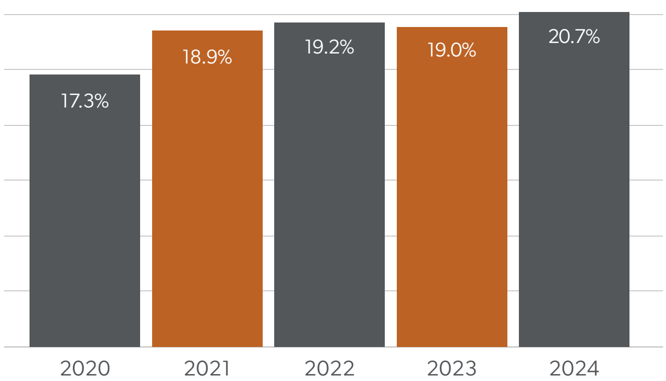
Shares and Borrowings (£'m)



Capital

Capital is a key measure of our 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). The Society's total regulatory capital reserves, which consist of retained earnings, revaluation reserve and collective provisions, grew by around 3%.

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) and was reviewed as part of their capital review that was last conducted in June 2024.

Principal Risks and Uncertainties

Similar to all businesses, we operate 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 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 promote a culture and philosophy that reflects an awareness and management of actual and potential risk exposures.

Whilst the Society is a relatively straightforward financial services 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 climate and outlook for 2025 is described within the Business Review on page 10. This review highlights that it is anticipated that the Bank of England rate will reduce further over the next five years, however the economic outlook is still relatively uncertain. The key financial risks connected to these current economic challenges include:

Elevated credit risk

The Society recognises that during periods of higher inflation, our members' ability to meet mortgage payments is put under increased pressure. This may be driven by increased costs but also by national unemployment levels which are expected to remain flat into 2025. The potential for future member defaults increases the credit risk the Society faces.

Overall, the low loan to value (LTV) mortgage portfolio and member 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. The 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

2024 has been a challenging trading environment for the Society with UK Gross lending increasing by only 4% (UK Finance). We have therefore reviewed our key market segments and recruited our Head of New Business to support growth in 2025. With Gross Mortgage lending in the UK estimated to increase by 11% in 2025 (UK Finance) the Directors believe the Society to be well placed to deliver mortgage lending in the coming year supported by our personalised underwriting approach ensuring the individual merits and circumstances of each member are carefully considered. Following the challenging trading environment in 2024, the directors have set realistic targets for 2025 with growth over the planning period.

Margin Pressure

Throughout the year the Society has managed its interest costs to carefully manage its margin. The Society has successfully managed its margin through a challenging market and reductions in bank base rate through 2024, we have therefore maintained a strong net interest margin (net interest income as a percentage of mean assets).

Interest rates have started to fall in 2024 which the Assets and Liabilities Committee continues to monitor and oversee the margin position, 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 Assets and Liabilities Committee. The Directors believe the Society has adequate tools to monitor and control this risk.

IT and Cyber risks

The Society, like all businesses, continues to assess its operational resilience for the future, investing to ensure we have robust working processes, and we have a strong capability to manage challenges in the future. We continue to retain a distributed remote working capability, in line with what we believe to be the optimal working environment for our colleagues.

Preparing for the future, we have commenced a process of re-platforming our core banking system to enhance both the reliability and efficiency of existing services and create opportunities for future expansion and innovation. Cognisant of the risks associated with this activity we are deploying structured change management processes, bringing in specialist support, and planning a staged transition over several years with regular checkpoints to ensure minimal disruption to customer services.

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 our Board. We continually review our approach to IT software and systems to ensure we remain operationally robust and cyber resilient. This will be of even higher focus as we move towards re-platforming the core banking system as described above. 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 approach to treasury management where non-call liquid assets are invested in the Bank of England Reserve account. We review the minimum level of liquidity needed to meet expected and stressed cashflows within the Internal Liquidity Adequacy Assessment Process (ILAAP) and regular liquidity stress tests.

As mentioned above, the Society has grown its funding base in 2024 to support more members with their saving goals. We continue to ensure the range of retail savings products remains competitive and relevant and we have a clear strategy for sourcing funding outlined within the 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 we operate. Building on the PRA's regulatory guidance in Supervisory Statement SS3/19 (Enhancing banks and insurers' approaches to managing the physical and transitional 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 arrangements (the Risk Committee leads for the Board), inclusion in the Risk Register and the development of enhanced management information and reporting. The approach to climate change is outlined further in the Risk Management Report on page 15.

Going concern

The Directors, in line with the responsibilities set out on page 21, have satisfied themselves that the Society has adequate resources to continue in business for the foreseeable future (at least 12 months from the date of this document) 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.

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 2024, amounts due to relevant creditors of the Society were paid on average within 14 days (2023: 14 days) of receipt of invoice.

Charitable donations

During the year the Society continued to support local charitable and community organisations in cash and kind, a total of £20,500 was donated in 2024. 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. We have suitable HR policies along with training and people development 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 experiencing physical or mental issues, we make suitable adaptations to the environment, and nature of the work, in order to accommodate their individual needs.

On 31 December 2024, our employee profile was 69% female and 31% male. Of our six current senior leaders –executives and the senior management team – two (33%) are female and four (67%) are male. On the Board, three of the directors are female (37%) and five are male (63%). The Society is committed to promoting diversity, inclusion and gender equality throughout its human resources, recruitment, and people processes. We are one of only a small number of UK Building Societies with a female CEO, CFO and Chair of the Board.

Directors' Report

continued

Health and safety

The Board of Directors has overall responsibility for managing health and safety risks. We have processes to 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

In accordance with Rule 26(1) of the Society Rules Oliver Walter Laird, Janet Elizabeth Bedford and Alfred Barrington Meeks retire by rotation, and being eligible offer themselves for re-election.

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 re-appointed as external Auditors to the Society at the Annual General Meeting in April 2024. 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.

Karen Wint
Chair

KWint

4th March 2025

Risk Management Report

for the year ended 31 December 2024

Risk Management Objectives and Policies

The Society is a retailer of financial products in the form of mortgages and savings and invests liquid asset balances in the Bank of England and manages the risks arising from its operations.

The Society has a mitigated risk culture with generally a minimal appetite for risk across all its key risks so as to maintain the confidence of present and future members and to allow the achievement of its corporate objectives.

The Society has a formal structure for managing risk, including established risk exposure limits, clear and documented risk escalation and reporting lines (all the way up to the main Board which set risk appetites), key risk indicators (KRIs) to alert management when exposures are at or near appetite limits, and approval mandates. 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 either oversee or manage these risks. The role of these committees is described in the Corporate Governance Report on page 20.

Details of the Society's disclosures for Pillar 3 are available on the website or from the Society on request from 31st March 2025. 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, such as being sold unsuitable products or services or being treated unfairly.

Operational risk is the risk of loss due to inadequate or failed internal processes, the actions of people, or fraud and financial crime.

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 developed and approved to provide an indication of the effectiveness of the systems and controls that have been designed and implemented to manage 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 manage the risk more effectively and identify root causes to prevent a recurrence in future.
- **Operational risk incidents** (including operational loss data) are reviewed to establish the root cause, identify remedial actions, and possible control enhancements which may be required. 'Near misses' (events that could have caused harm, disruption or loss but did not due to good luck or other existing controls) are also considered.
- **Complaints data** is considered to ensure there is no evidence of adverse member 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 recorded and tracked to ensure that the most appropriate remedial actions are undertaken on a timely basis.
- **Communications with our regulators** are reviewed for evidence of any concerns in relation to risk governance or conduct risk and the CEO maintains a regular dialogue with the PRA.
- **Employee Mandatory 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. Any overdue training or failed assessments are reported into the Risk Committee.
- **The Society's Risk Register** is reviewed by risk owners on a quarterly basis to ensure it remains up to date, is accurate and reflective of any changes in the Society's risk profile or operating model. The Risk Register also is aligned to the strategic plan and is appropriately reflected in the operational risk capital requirement, assessed in the ICAAP.

The Board fully embraces the principles underlying the FCA Consumer Duty principles – to ensure that the Society pays due regard to the interests of its members, delivers good outcomes and prevents harm. These principles are embedded within the Society's culture and working practices. The Society recognises that failure to manage conduct risk can lead to unfair treatment of members or mishandling of members' accounts and may adversely affect its business operations, its reputation, and threaten its objectives and strategies or those of our Regulator. A structured approach to the implementation and embedding of the Consumer Duty principles has been applied across all aspects of the Society's operation, enabling the Executive and the Board to make informed conduct decisions without exposing the Society or its members to unacceptable levels of risk. The Board has specifically appointed non-executive director Stephen Smith as a Board level champion of Consumer Duty to support management and staff in this key area.

Maintaining and continuously improving operational resilience, including the confidentiality, integrity and availability of data and 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 periodically performs scenario testing to assess its ability to respond and manage operational events, including business continuity preparedness and cyber-attack prevention capabilities.

The Society seeks to mitigate operational risk by maintaining a strong control environment, supported by a culture that encourages colleagues to report risk events (actual and potential), regularly reassess its risk exposures and the robustness of supporting controls, as well as engaging openly and positively with the Board, senior management and its external and internal independent auditors. Operational losses in the last ten years have been low.

Risk Management Report

continued

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 Executive Retail Credit Committee (ERCC) and the Board Risk Committee.

In order to help mitigate credit risk, all new lending is assessed against the Society's Lending Policy by experienced Underwriters. A full affordability assessment, including an appropriate affordability stress test (currently standard variable rate (SVR) + 1% across all its discounted variable rate products) is completed in all cases, and the separate approvals to offer and completion stages on all mortgage cases enforces 'four eyes' checking, segregation of duties and adherence to Board approved credit mandates.

In certain circumstances the Society uses forbearance measures to assist those borrowers who anticipate or are experiencing financial difficulties. For example, we may agree to a temporary transfer to interest-only payments in order to reduce a borrower's financial pressures or agree to a temporary reduction (or even suspension) of repayments in cases where we can see that the member has short term, but resolvable, difficulties; for example, a change in employment circumstances or an unexpected financial 'shock'. These measures are managed in accordance with our Arrears Management policy, which reflects Consumer Duty principles and regulatory requirements including regulatory guidance on Forbearance and Impairment Provisions. We aim to put our members first in all instances and to support our members to 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 borrowing member and the Society. It is expected that the borrower will resume normal payments once they are able.

During 2024, the Society's provisioning balance increased by £248k to £1.1m (2023: £870k). The increase is largely the result of three new cases this year moving into specific provision, and one existing case being removed from the provisions, after being redeemed, resulting in the specific provisions increasing by £301k and collective provisions decreasing by £53k.

At 31 December 2024, there were 2 (2023: 2) loan accounts where the properties were in possession or under Law of Property Act Receivership, with a balance outstanding of £873k (2023: £824k). The two accounts attract a specific impairment provision of £396k (2023: £375k).

At the year-end there were 16 (2023: 28) accounts where forbearance measures were currently exercised: the balance of these accounts amounted to £4.72m (2023: £5.31m), or 3.15% (2023: 3.28%) of mortgage balances. There is £392k (2023: £223k) provision held against forborne accounts, the majority of balances do not require provision due to the low LTV on these properties. The average LTV of the properties under forbearance as at 31 December 2024 was 51.0% (2023: 40.9%).

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 agreed 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 Liquidity Risk Management Policy is to help minimise the risk from any mismatches in the timing between maturing assets and liabilities, thereby maintaining the strong solvency of the Society. As noted above, 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. The Board has established an appropriate Liquidity Risk Appetite and Policy Statement, supported by a Recovery Plan.

Liquidity levels and a number of associated risk indicators (for example levels of outflows) are monitored by the Executive team on a daily basis. At 31 December 2024 the Society held £73.0m (2023: £42.2m) of liquid assets, representing 35.0% (2023: 22.0%) 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 periodically. A Recovery Plan is in place, now incorporated into the ILAAP, to ensure that the Society recognises early any indicators that might suggest a developing liquidity issue, 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 in the Banking Book ('IRRBB')

IRRBB is the risk of losses arising from a change in interest rates.

The Society has continued to make available to its members small tranches of two-year fixed rate lending during 2024, 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 (<£10m on either side of the balance sheet), therefore interest rate risk remains limited. 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.

- Bank 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 as at 31 December 2024 is detailed in note 21 to the accounts.

Climate Change Risk

Climate change risks refers to the potential negative effects that climate change can have on individuals, businesses, financial systems, and the global economy. Predominantly, they are a combination of:

Physical Risk: the risk of the Society being impacted by climate related events, such as heatwaves, droughts, floods, storms, coastal erosion 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 Government policy, technology and consumer sentiment could require reassessment of the value of assets and/or change credit exposures. At present, the Society considers possible future 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 first assessed quantitatively in 2021 via modelling by an independent third party. They have been re-assessed again in Q4 2024.

Comparison of the 2024 to the 2021 assessment identifies across our mortgage portfolio:

- **Portfolio:** Our ability to identify properties at an individual level (as opposed to a post-code level) has improved to 96.3%; meaning more accurate data can be obtained.
- **Flood Risk:** Little change with minimal exposure. Against other UK Lender exposure (as assessed by the independent assessor) the Society has above average but has improved by 7%. This reflect the concentration of c50% of our portfolio in the Yorkshire and Humber areas; the Humber in particular being a recognised area of flood risk.
- **Subsidence Risk:** No material risk. The Society performs well against other UK lenders
- **Properties less than 1m above sea level:** The independent data suggests we have only one property that may be impacted by this measure, well below the lender average

In terms of potential transition risk, as part of its Clean Growth Strategy, the UK Government has set out an objective for reducing emissions from homes. This objective is formulated around Energy Performance Certificates (EPCs), which give properties an energy efficiency rating from A (most efficient) to G (least efficient). The modelling (based on several assumptions) suggests that the Society's portfolio has a higher proportion of F&G rated properties than other UK lenders, meaning a significant potential cost if the Government Strategy was fully implemented. How this cost will be funded (homeowner, Government or other source) has yet to be clarified. Furthermore, the data suggests only 60.5% of the Society's portfolio has an energy rating on the EPC Register; hence there are some material assumptions in the modelling.

The Society is aware of the age and geographic demographics of its portfolio and hence its level of exposure in this area is not a surprise. In comparison to 2021, taking into account inflation pressures over this period a rise of c.4% in the estimated upgrading costs is not considered material.

Based on the 2024 report, the Board therefore does not consider that climate change risks within its mortgage book profile during the last three years to have increased. The quantitative assessment will be refreshed again in 2027 at the latest.

Over the last few years, we have been making choices to reduce the Society's own impact on the environment:- for example, installing more efficient central heating and to reduce paper by investing in technology to automate current paper-based processes as well as starting to capture member consent to email certain documentation and correspondence, rather than incur the paper, production and delivery costs, all of which involve carbon emissions. This is an area we will give further focus to in 2025 and beyond.

Mark Robinson
Chair of the Risk Committee

4th March 2025

Directors' Remuneration Report

for the year ended 31 December 2024

This report explains the Society's approach to the remuneration of Executive and Non-Executive Directors. It outlines how the Society has regard to the principles in the 2018 UK Corporate Governance Code 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 four 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, all People & Human Resources associated Policies, 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 Committee meets at least 4 times a year. Attendance at meetings by members is shown within the Corporate Governance section of this document. Bob Andrews Chairs the Committee. Other Non-Executive members are Karen Wint, Stephen Smith and Barry Meeks.

The Society aims to set remuneration which will attract and retain high calibre Executive and Non-Executive Directors ('NEDs') and senior management. The outcome has to be commensurate to the size and scale of the Society; 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 reflects the job content and responsibilities, individual performance (assessed annually) and salary levels for similar positions in comparable organisations. Basic salary for all staff is reviewed annually and an 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 a minimum of 5% of their basic salary.

Other benefits

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

Contractual Terms

Executive Directors have contractual notice periods of six months. Their performance is reviewed on an annual basis.

Non-Executive Directors' remuneration

The People & Culture Committee reviews the remuneration of all Non-Executive Directors annually, using external data for other comparable building societies. Non-Executive Directors do not qualify for pension entitlement or other benefits and do not have service contracts.

Directors' Remuneration Disclosures (audited)

Executive Directors

	Salary £000	Benefits £000	Pension £000	Total £000
For executive services				
2024				
J E Bedford	156	1	16	173
M Marsden	86	1	7	94
S Hall	109	1	11	121
Total	351	3	34	388
2023				
J E Bedford	150	1	15	166
M Marsden	97	1	10	108
C White - resigned August 2023	78	-	8	86
S Hall - Joined October 2023	26	-	3	29
Total	351	2	36	389

* Mark Marsden stepped down from the Board on 28th June 2024.

During the year a payment for loss of office of £19k was made to Mark Marsden. The payment was a discretionary payment made and approved by the remuneration committee.

Non - Executive Directors

	2024 Fees £000	2023 Fees £000
R K Andrews (Chair of People & Culture Committee)	24	23
O W Laird (Chair of Audit & Compliance Committee)	24	23
A B Meeks (Senior Independent Director)	25	24
S Purdy (Chair of Board) (Resigned February 2023)	0	4
M T Robinson (Chair of Risk Committee)	24	23
S C Smith	24	23
K Wint (Chair of Board)	30	28
Total	151	148

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 2024, the Society had 12 people that were classified as material risk takers (31 December 2023: 14). Their remuneration for the period is shown in the table below.

Material Risk Takers

	2024 £000	2023 £000
Non-Executive Directors	151	148
Executive Directors	293	389
Other Senior Management	261	285
Total	705	822

The Year Ahead

The People & Culture Committee has set out its agenda of activity for 2025 and intends to focus, in the year ahead, on key areas such encouraging a culture of efficiency and innovation, developing a strong employer brand, encouraging employees to work at the top of their skillset and reviewing succession planning and development.

Bob Andrews
Chair of the People & Culture Committee

4th March 2025

Corporate Governance Report

for the year ended 31 December 2024

The Society has regard to the best practice principles in the Financial Reporting Council's UK Corporate Governance Code (the Code) 2018 issued by the Financial Reporting Council, to the extent that they apply to a building society. We have complied with the relevant aspects of the Code provisions considered necessary, noting that not all the Code provisions are complied with due to the small size and scale of operations. 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 (https://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 once a year.

Barry Meeks is appointed Senior Independent Director, providing an alternative channel of communication for Directors, colleagues and members and chairing the meeting where the Chair's performance is appraised.

Bob Andrews is the appointed Non-Executive Director with specific responsibility for Board engagement with Society staff. This role aligns 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 non-executive members of the Committee are 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 Bob Andrews, 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.

The other non-executive members of the Committee are Karen Wint (Chair), Stephen Smith and Barry Meeks.

iii. Risk Committee

The Risk Committee, chaired by Mark Robinson, 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 and Stephen Smith.

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 at and the number of meetings that Director was eligible and able as a member of the Board and Committee to attend during the year.

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. At 31 December 2024 there were no outstanding regulatory approvals.

	Board	Audit and Compliance	People & Culure	Risk
R K Andrews	9/9	-	4/4	6/6
J E Bedford	9/9	-	-	-
S E Hall	9/9	-	-	-
O W Laird	9/9	4/4	-	5/6
M Marsden	4/4	-	-	-
A B Meeks	9/9	4/4	4/4	-
M T Robinson	9/9	4/4	-	6/6
S C A Smith	9/9	-	4/4	6/6
K R Wint	9/9	-	4/4	-

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 for all its members.

There is a majority of NEDs on the Board, over Executive Directors, and each Sub-committee is constituted solely by NEDs. 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. Directors 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 2024 this was arranged through Civica.

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's 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.

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.

At least annually 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 2024 the Board consisted of two Executive Directors and six 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 Society retains a Conflicts of Interests register that is updated and assessed whenever a Director changes roles or takes on a new business relationship, to mitigate this risk.

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

Corporate Governance Report

continued

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. The 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.

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 20, and Board members' significant other commitments are set out in the Annual Business Statement on page 56.

Development

The Society provides a formal induction process for new Directors and maintains a comprehensive Board Skills Matrix. 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 and inviting experts on a topic to Board Meetings.

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. The Board Skills Matrix is reviewed by the People & Culture Committee. The Board assesses its effectiveness annually and 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 person 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 provides 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 27. 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 & Compliance Committee that the systems are appropriate, and controls effectively applied. The Audit & Compliance 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.

During 2024 the Board have considered the implications of the revisions to the UK Corporate Governance Code published 22 January 2024. The bulk of these changes are effective from financial periods beginning on, or after, 1 January 2025 and the Board will ensure that it takes all actions necessary to enable it to continue to comply to the extent necessary based on the operations of the Society when those changes take effect.

Audit Committee and Auditors

The Society has an Audit and Compliance Committee currently comprising of three 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 four 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.

Karen Wint
Chair

KWint

4th March 2025

Annual Report of the Audit & Compliance Committee

for the year ended 31 December 2024

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 three independent Non-Executive Directors that have been selected for their relevant experience in business, finance and audit. The Committee Chair is Oliver Laird. The other Committee members are Mark Robinson and Barry Meeks.

Oliver is a Chartered Management Accountant with significant audit and accounting experience as well as a strong background in financial services.

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 20.

Committee Meetings

The Committee meets, at a minimum, four times a year. During 2024, the Committee met four times (2023, five times).

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

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 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. An assessment was last completed in 2024 which concluded that the Committee had operated effectively and in accordance with its Terms of Reference.

Purpose and Responsibilities of the Committee

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

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 agreeing 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 financial year 2024, are outlined below:

Integrity of financial reporting

The Committee reviewed the integrity and appropriateness of the 2024 Financial Statements including the Annual Report and Accounts for the year ended 31 December 2024 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 of 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 2024 Financial Statements, the Committee examined and challenged the following areas of judgement and how they affected the 2024 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. The Committee specifically considered the costs associated with Core Banking system upgrade along with margin squeeze and the impact on profit, capital and liquidity. 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 re-appointed in 2024.

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 2024 and the Summary Financial Statements disclosed within the Society's Annual Member Review.

The Committee reviewed the independence of PwC in the year concluding they remained independent. 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 2024, the Committee reviewed, challenged and approved the proposed Internal Audit plan and budget for the year. Internal Audit completed 7 engagements during the year of which the key assessments are outlined below:

- Responsible Lending: Primarily focussed on the controls in place in relation to lending by first legal charge on owner occupied dwelling property to prime borrowers (Fully Secured on Residential Property - FSRP).
- Liquidity and Funding Risk Management: An assessment of the Society's liquidity and funding control framework outlined in the 2023 Internal Liquidity Adequacy Assessment Process ("ILAAP") against supervisory expectations and best practices across the sector.
- Key Financial Controls & Regulatory Returns: A review of a selection of the COREP regulatory returns submitted by the Society and key financial controls, including those in place over fixed assets. Consideration also given to the processes and controls that the Society has in place to undertake bank account reconciliations and the ongoing oversight of fixed assets within the Society.
- Consumer Duty: To review and assess how the Society has addressed the new Consumer Duty Regulations.

A fifth review, Virtualisation Project, to assess the approach to the data migration phase of the Virtualisation project, to ensure that it has been set up for success, opened in Quarter 4, but was delayed following issues identified by the Society in its testing. This now forms part of the 2025 plan to facilitate completion.

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 its Head of 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, the Committee reviewed and approved the Society's Compliance Monitoring Plan for 2024. The Society's Risk & Compliance team (second line) manages and performs 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.

Annual Report of the Audit & Compliance Committee

continued

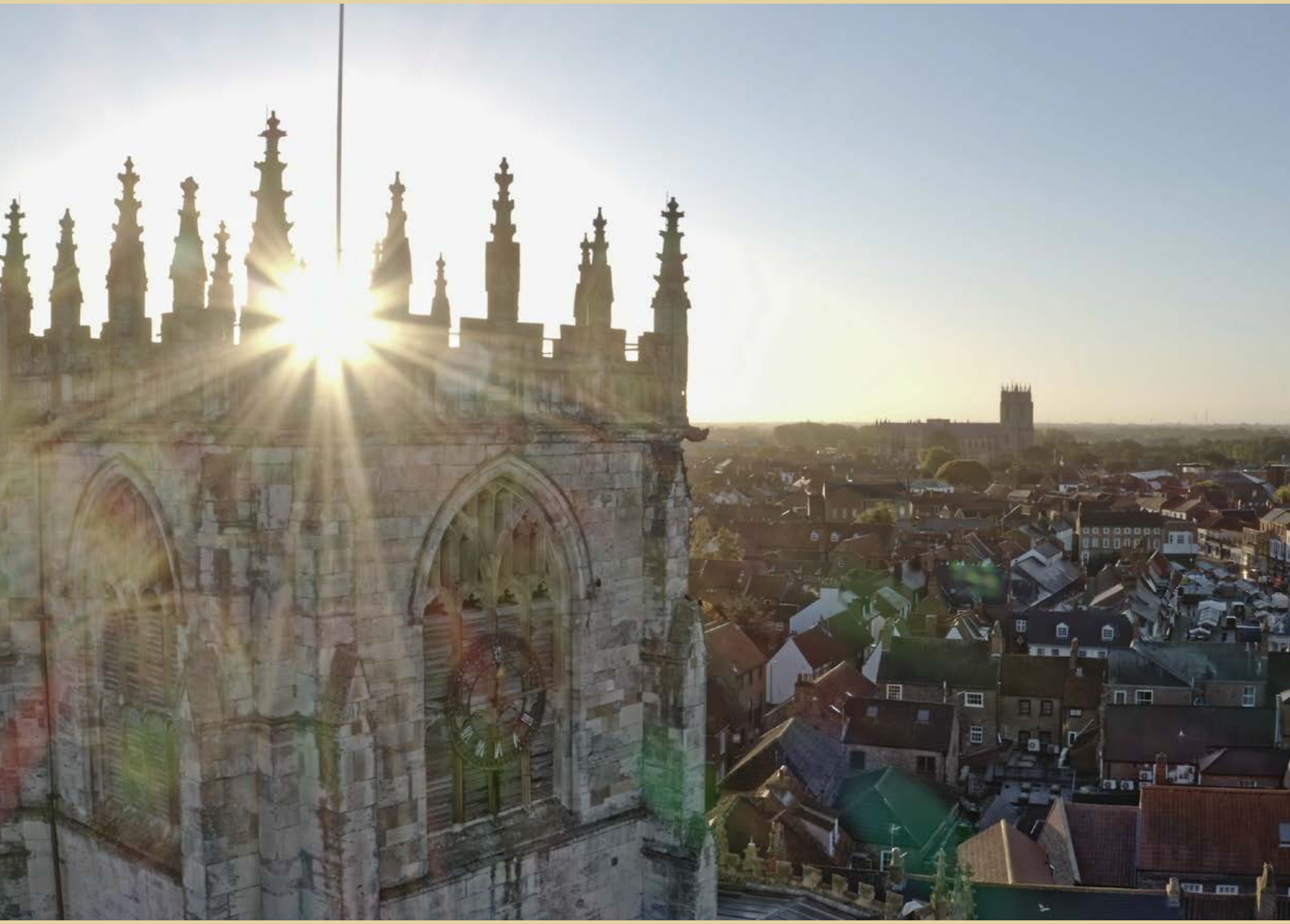
Whistleblowing

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

4th March 2025



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,

Karen Wint
Chair

4th March 2025

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 Report and Accounts (the "annual accounts"):

- give a true and fair view of the state of the society's affairs as at 31 December 2024 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 2024; 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; the accounting policies; 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.

Our audit approach

Overview

Materiality	• £138,000 (2023: £134,000) • Based on 1% of Total reserves attributable to members
Scoping	• We conducted our audit testing using an 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 provision for 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 ('PRA'), Financial Conduct Authority ('FCA') and UK tax law, 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 that could be used to manipulate financial performance and management bias in accounting estimates. Audit procedures performed included:

- Review of correspondence with the FCA and PRA;
- Testing of significant accounting estimates (See key audit matters below);
- Testing of journal entries which contained unusual account combinations and other specific risk-based criteria back to corroborating evidence;
- Discussions with management in relation to known or suspected incidents of non-compliance with laws and regulations and fraud; 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 £1,119k to account for incurred impairment losses on the mortgage books. This is split between a collective provision of £150k to account for losses where an impairment indicator has not yet been identified and a specific provision of £969k to cover losses on loans where impairment indicators have been identified. The specific provision is assessed by reference to loans that are three or more months in arrears, that have been repossessed by the Society or experienced other, non arrears related impairment indicators. The collective provision is based on a management assessment of 'incurred but not reported' impairment risks and the majority of the provision is held against legacy exposures fully secured on land. The highest degree of estimation uncertainty is considered to relate to the incomplete capture of specific provision indicators and collateral valuation haircuts applied to specifically impaired loan assets. In respect of the collective provision management also apply judgemental haircuts to the value of loan collateral to account for uncertainties in valuation. The Society has limited loss data on which to base assumptions in general so there is a high degree of estimation uncertainty in deriving impairment provisions. Our work focussed on the reasonableness of assumptions used in specific provisions where the provision for some exposures is individually material. We also focussed on the judgemental assumptions adopted in respect of the collective provision against loans fully secured on land. 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 26.	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 tested the completeness of the individually assessed provision by selecting a sample of loans under forbearance arrangements, arrears or other non-arrears indicators and ensuring their inclusion within the provision. We also tested the completeness of provisions by performing sample testing over borrower repayments and collateral valuations across the performing loan book. We audited the reasonableness of significant assumptions adopted in the specific provisions model by obtaining evidence over management's planned realisation strategy, reading the latest correspondence with the borrower, considering whether the loan asset is giving rise to cash flows for the Society and obtaining evidence in respect of the value of collateral including estimates over collateral haircuts where relevant. We engaged an auditor's property valuation expert to review a sample of third party valuation reports used to support mortgage collateral valuations to consider their reasonableness. With regards to the collective provision we challenged management on the appropriateness of collateral value haircuts applied by reference to industry data and previous loss experience of the Society, which is limited. We evaluated the adequacy of the disclosure of estimation uncertainty relating to impairment of loans and advances to customers and considered whether the disclosures are compliant with accounting standards.

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 mortgage lending on residential property to support home ownership. The majority of the Society's mortgage book is secured on UK residential Owner-Occupied and Buy-to-Let 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 process management adopted to assess the extent of the potential impact of climate risk on the Society's financial statements and support the disclosures made in relation to climate change in the Annual Report & Accounts.

In addition to enquiries with management, we also:

- Considered the exposure of the Society's mortgage portfolio to physical and transition risks by examining the output of assessments performed by management; and
- Considered the consistency of the disclosures in relation to climate change within the Annual Report & Accounts with the financial statements and our knowledge obtained from our audit.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our key audit matters for the year ended 31 December 2024.

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	£138,000 (2023: £134,000)
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 total reserves attributable to members as shown on the Statement of Financial Position. As such we consider a benchmark based on this metric 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 £103,500 (2023: £100,500) .

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 at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £6,900 (2023: £6,700) 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:

- A risk assessment to identify critical factors that could impact the going concern basis of preparation, including the current and forecast financial performance and regulatory metrics. As part of our risk assessment we reviewed and considered the Society's strategic plan, ICAAP and ILAAP, regulatory correspondence and information provided to key governance forums;
- Evaluating the reasonableness of the Society's strategic plan, including evaluating the reasonableness of key scenarios and performing sensitivity analysis using our understanding of the Society and its financial performance obtained during the course of our audit. We also considered management's ability to accurately forecast financial performance by comparing past forecasts to actual results;
- Critically evaluating the directors' conclusions in their own going concern assessment. This included the impact of stress testing and the likelihood of successful implementation of management actions to mitigate impacts of stress. We considered whether the Society would continue to operate above required regulatory capital and liquidity minima during times of stress; and

- Evaluating management's disclosures in the Annual Report and checking 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 2024 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 in respect of the financial statements, 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 5 years, covering the years ended 31 December 2020 to 31 December 2024.

Michael Whyte (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Leeds

4 March 2025

Financial Statements

Income Statement

for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Interest receivable and similar income	2	11,837	9,763
Interest payable and similar charges	3	(7,209)	(4,969)
Net interest income		4,628	4,794
Other operating income		68	51
Profit on disposal of shares		43	0
Net operating income		4,739	4,845
Administrative expenses	4	(3,865)	(3,120)
Depreciation and amortisation	12,13	(53)	(65)
Operating charges		(27)	(34)
Operating profit before impairment losses and provisions		794	1,626
Impairment provision for loans and advances	10	(248)	(396)
Profit before tax		546	1,230
Tax on profit on ordinary activities	7	(127)	(290)
Profit for the financial year	20	419	940

Statement of Other Comprehensive Income

for the year ended 31 December 2024

	Notes	2024 £000	2023 £000
Profit for the financial year		419	940
Other comprehensive expense			
Revaluation of freehold land and buildings	20	0	(109)
Total comprehensive income for the year		419	831

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.

Statement of Financial Position

as at 31 December 2024

Assets	Notes		2024		2023
		£000	£000	£000	£000
Liquid assets					
Cash in hand and balances with the Bank of England		67,636		36,523	
Loans and advances to credit institutions	8	5,350		5,709	
Total liquid assets			72,986		42,232
Loans and advances to customers	9	148,533		162,011	
Prepayments and accrued income	14	592		667	
Investments	11	0		89	
Tangible fixed assets	12	871		867	
Intangible fixed assets	13	0		1	
Total assets			222,982		205,867
Shares	15	196,895		180,262	
Amounts owed to other customers	16	11,843		11,634	
Total shares and borrowings			208,738		191,896
Other liabilities	17	126		290	
Accruals and deferred income	18	227		213	
Provisions for liabilities	19	21		17	
Total liabilities			209,112		192,416
Reserves					
Revaluation reserve	20	220		220	
General reserve	20	13,650		13,231	
Total reserves attributable to members	20		13,870		13,451
Total liabilities and reserves			222,982		205,867

The Notes to the Accounts, below, form part of these accounts..
Approved by the Board of Directors on 4th March 2025 and signed on its behalf by:

Karen Wint **Chair**

Janet E Bedford **Chief Executive**

Sally E Hall **Chief Financial Officer**

Statement of Changes in Members' Interests

for the year ended 31 December 2024

2024	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance as at 1 January	13,231	220	13,451
Total comprehensive income for the year			
Profit for the year	419	0	419
Other Comprehensive Expense	0	0	0
Balance as at 31 December	13,650	220	13,870

2023	General Reserve	Revaluation Reserve	Total
	£000	£000	£000
Balance as at 1 January	12,291	329	12,620
Total comprehensive income for the year			
Profit for the year	940		940
Other Comprehensive Expense	-	(109)	(109)-
Balance as at 31 December	13,231	220	13,451

Statement of Cash Flows

for the year ended 31 December 2024

	2024 £000	2023 £000
Cash flows from operating activities		
Profit on ordinary activities before taxation	547	1,230
Depreciation and Amortization	53	65
Increase/(Decrease) in provision for impairment	248	396
Increase in effective interest rate accounting adjustment	(17)	(17)
(Profit)/Loss on Fixed Assets Disposal	0	1
(Profit)/Loss on Investment Disposal	(43)	0
Total	788	1,675
Changes in operating assets and liabilities		
Net decrease/(increase) in prepayments and accrued income	75	(149)
Net increase/(decrease) in shares	16,633	8,365
Net increase/(decrease) in amounts owed to credit institutions and other customers	208	(1,686)
Net increase/(decrease) in accruals and deferred income	14	(149)
Taxation paid	(288)	(137)
Net decrease/(increase) in loans and advances to customers	13,248	(12,229)
Net cash inflow from operating activities	30,678	(4,309)
Cash flows from investing activities		
Purchase of tangible and intangible assets	(56)	(104)
Proceeds from disposal of investments	132	0
Net cash inflow/(outflow) from investing activities	76	(104)
Net increase/(decrease) in cash and cash equivalents	30,754	(4,414)
Cash and cash equivalents at the beginning of the year	42,232	46,646
Cash and cash equivalents at the end of the year	72,986	42,232
Net Movement	30,754	(4,414)

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

Notes to the Accounts

for the year ended 31 December 2024

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"). 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, 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 members (mortgages) and financial liabilities, principally shares and borrowings (member 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 expert judgement based on past experience, industry benchmarking and publicly available data in setting 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 letting out properties it has acquired through possession, an individual impairment assessment will be performed. The forecast will take into account the loan amount, any expected income and costs of letting 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

Following discussion and agreement with a member, a borrower's account may be modified to assist those 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 members 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 carried at fair value, 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. The Society specifically considered the costs associated with Core Banking system upgrade, along with margin squeeze in a declining interest rate environment, the potential for the Society's mortgage portfolio to further shrink and the impact on profit, capital and liquidity. 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.

Within the Society's loan portfolio £4,987k (2023: £3,099k) of loans are considered to be individually assessed for impairment purposes. These are secured by mortgage collateral of £4,870k (2023: £3,426k) and provisions are recorded against them of £968k (2023: £667k). If all mortgages were realised in the short term via a collateral sale the individually assessed provisions would increase from £968k to £1,356k (2023: £667k to £956k). Further information on the 2024 provisions can be found in the Credit Risk section.

- 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 collective & specific provision would be an increase of £107,000 (2023: £50,000), 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 all mortgage exposures would result in a decrease in the impairment provision of £82,000 (2023: £73,000). Conversely, a 5% decrease would result in an increase of £86,000 (2023: £76,000).

- Properties in possession- held into the longer term

  As at 31 December 2024, there are no (2023: 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 (2023: 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 November 2023, leading to a charge to the Society's revaluation reserve of £109,000.

Notes to the Accounts

continued

The revaluation explicitly included assets considered to be part of the 'fabric of the building', such as air conditioning units and flooring. These assets were transferred from the 'office furniture and equipment' category to the 'freehold buildings' category of fixed assets prior to the Society's finalisation of the revaluation in its financial records, in order to accurately reflect the value of all the relevant assets included in the revaluation.

Following a desktop revaluation exercise performed in the current year no matters have arisen that would imply that the fair value of the head office property has changed during 2024.

If the building valuation was to reduce by a further 10% compared to the December 2023 benchmark, the estimated impact is that fixed assets and the revaluation reserve would be reduced by a further circa £80,000. The reduction in the revaluation reserve would cause capital and other comprehensive income to also fall by £80,000.

1.16 Changes to FRS 102

Forthcoming changes to FRS 102 take effect from 1 January 2026. These relate to revenue recognition and lease accounting, aligning UK GAAP more closely with IFRS 15 and IFRS 16. The Society has reviewed the changes and believes that the impact of the implementation of IFRS 15, regarding revenue recognition, will have a very little, if any, impact on the Society, however the changes to IFRS 16, regarding leases, could impact the Society. This is being thoroughly reviewed by the management to ensure that any necessary amendments to our accounting systems, processes and controls comply with the new requirements upon implementation.

2. Interest receivable and similar income

	2024 £000	2023 £000
On loans fully secured on residential property	8,826	7,654
On other loans fully secured on land	374	341
On other liquid assets	2,637	1,768
Total	11,837	9,763

Included within interest receivable on loans fully secured on residential property is £201,000 (2023: £107,000) in respect of interest income on loans that are specifically provided for as at 31 December 2024 (see note 10).

Included within interest receivable on other loans fully secured on land is £151,000 (2023: £94,000) in respect of income on loans and advances that are specifically provided for as at 31 December 2024 (see note 10).

3. Interest payable and similar charges

	2024 £000	2023 £000
On shares held by individuals	7,045	4,849
On deposits and other borrowings	164	120
Total	7,209	4,969

4. Administrative expenses

	2024 £000	2023 £000
Staff costs (note 5)	1,843	1,592
Other administrative expenses	2,022	1,528
Total	3,865	3,120
Remuneration of auditors		
Audit of these financial statements (1)	110	102
All other services	0	0

The remuneration of the auditors reflects amounts payable to PwC LLP (2023: PwC LLP) for audit of these financial statements. Country-by-country reporting audit work is also performed by PwC which is an integral part of the annual report and accounts and so no separate fee is disclosed.

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

5. Staff numbers and costs

The average number of staff employed by the Society during 2024 and 2023 is as follows:	2024 Number	2023 Number
Full time	27	24
Part time	10	10
Total	37	34

	2024 £000	2023 £000
Wages and salaries	1,534	1,351
Social security costs	172	152
Other pension costs	137	89
Total	1,843	1,592

The Society operates a group personal pension scheme (a defined contribution scheme) of which 33 employees were members as at 31 December 2024 (2023: 33).

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 £539,000 (2023: £537,000).

Full details are given in the Directors' Remuneration Report, above.

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

Directors' loans and transactions

At 31 December 2024 and 31 December 2023 there were no mortgage loans outstanding to any Director or connected persons.

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 2024 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

	2024 £000	2023 £000
The tax charge for the year comprises:		
Corporation tax on profits for the year	125	295
Adjustment in respect of previous periods	(2)	0
Total current tax	123	295
Deferred taxation (note 19)		
Origination and reversal of timing differences	3	0
Adjustment in respect of previous periods	1	(5)
Effect of tax rate change	0	0
Total deferred tax	4	(5)
Total corporation tax	127	290
Reconciliation of tax on profit on ordinary activities		
Profit on ordinary activities before tax	546	1,230
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 25.00% (2023: 23.52%)	136	289
Expenses not deductible	1	1
Non taxable income	(9)	0
Benefit of enhanced capital allowances	0	0
Adjustment in respect of previous periods	(1)	0
Tax Charge for the Year	127	290

Factors affecting and future tax charges

The standard rate of corporation tax in the UK was 25% during 2024 and 2023 (weighting for 2023 of 23.52%). 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

	2024 £000	2023 £000
Loans and advances to credit institutions have maturities as follows:		
On demand	5,350	5,709
In not more than three months	0	0
In more than three months but not more than one year	0	0
Total	5,350	5,709

9. Loans and advances to customers

	2024	2023
	£000	£000
Loans fully secured on residential property	143,797	157,054
Loans fully secured on land	4,736	4,957
Total	148,533	162,011

Maturity analysis

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

	2024	2023
Repayable on demand	403	2,771
In not more than three months	499	630
In more than three months but not more than one year	3,971	3,439
In more than one year but not more than five years	30,431	30,645
In more than five years	114,319	125,359
	149,623	162,844
Less: Provisions (note 10)	(1,119)	(871)
Add: Net EIR asset/(liability)	29	38
Total	148,533	162,011

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.

	2024	2023
Average LTV	31.4%	32.7%

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

	2024		2023	
	£000	%	£000	%
East Anglia	2,691	1.8	2,546	1.6
East Midlands	9,526	6.4	10,076	6.2
Greater London	9,564	6.4	9,556	5.9
North	4,390	2.9	4,153	2.5
North West	10,006	6.7	11,734	7.2
Outer Metropolitan Area	8,079	5.4	8,715	5.4
South East	13,392	9.0	13,121	8.1
South West	9,813	6.6	10,695	6.5
Wales	5,113	3.4	5,413	3.3
West Midlands	6,551	4.4	7,259	4.4
Yorkshire and Humberside	70,498	47.0	79,576	48.9
Total	149,623	100.0	162,844	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:

	2024		2023	
	£000	%	£000	%
Not impaired				
Neither past due or impaired	144,432	96.5	159,303	97.8
Past due but not impaired	369	0.2	694	0.4
Impaired				
Not past due but impaired	974	0.7	455	0.3
Past due	2,975	2.0	1,568	1.0
Possessions	873	0.6	824	0.5
Total loans and advances to customers	149,623	100.0	162,844	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 2024			
Collective provision	70	133	203
Specific provision	496	172	668
Total	566	305	871
Specific provision- utilised in year	0	0	0
Charge/(credit) for the year			
Collective provision	(29)	(24)	(53)
Specific provision	59	242	301
Total	30	218	248
At 31 December 2024			
Collective provision	41	109	150
Specific provision	555	414	969
Total	596	523	1,119

Comparative position at 31 December 2023	Loans fully secured on residential property	Other loans fully secured on land	Total
	£000	£000	£000
At 1 January 2023			
Collective provision	58	173	231
Specific provision	212	32	244
Total	270	205	475
Specific provision- utilised in year	0	0	0-
Charge/(credit) for the year			
Collective provision	12	(40)	(28)
Specific provision	284	140	424
Total	296	100	396
At 31 December 2023			
Collective provision	70	133	203
Specific provision	496	172	668
Total	566	305	871

11. Investments

	2024	2023
	£000	£000
Cost and net book value		
Shares in participating interests	0	89
Total	0	89

During the year the Society disposed of its investment in Mutual Vision, a company registered and incorporated in England.

	Principal activity	Class of shares held	Interest of Society
Mutual Vision Technologies Ltd	Computer Software Developer	Ordinary	2024 0% 2023 11.83%

Notes to the Accounts

continued

12. Tangible fixed assets

	Freehold buildings	Office furniture and computer equipment	Total
	£000	£000	£000
Cost			
At 1 January 2024	800	368	1,168
Additions	0	56	56
Transfers	0	0	0
Disposals	0	(65)	(65)
Revaluation	0	0	0
At 31 December 2024	800	359	1,159
Accumulated Depreciation			
At 1 January 2024	0	301	301
Charge for the year	16	36	52
Transfers	0	0	0
On disposals	0	(65)	(65)
Revaluation	0	0	0
At 31 December 2024	16	272	288
Net Book Value			
At 31 December 2024	784	87	871
At 31 December 2023	800	67	867

	2024	2023
	£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	1,096	1,096

The freehold buildings at 57/58 Market Place, Beverley were last re-valued in November 2023 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. Included in this revaluation were assets considered to be part of the 'fabric of the building', previously held in the 'Office Furniture and Equipment' category. These assets were transferred to the 'Freehold Buildings' category prior to the revaluation being finalised in the Society's accounts.

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 (2023: £627,000)).

13. Intangible fixed assets

	Purchased Software
Cost	£000
At 1 January 2024	584
Additions	0
Transfers	0
Disposals	(15)
At 31 December 2024	569
Accumulated Amortisation	
At 1 January 2024	583
Charge for the year	1
Transfer	0
Disposals	(15)
At 31 December 2024	569
Net book amount	
At 31 December 2024	0
At 31 December 2023	1

Comparative position at 31 December 2023	Purchased Software
Cost	£000
At 1 January 2023	917
Additions	0
Transfers	(4)
Disposals	(329)
At 31 December 2023	584
Accumulated Amortisation	
At 1 January 2023	904
Charge for the year	12
Transfer	(4)
Disposals	(329)
At 31 December 2023	583
Net book amount	
At 31 December 2023	1
At 1 January 2023	13

14. Prepayments and accrued income

	2024	2023
	£000	£000
Due within one year		
Prepayments and accrued income	592	667
Total	592	667

Notes to the Accounts

continued

15. Shares

	2024 £000	2023 £000
Shares held by individuals	196,885	180,234
Shares held by others	10	28
Total	196,895	180,262

Shares are repayable from the date of the balance sheet in the ordinary course of business as follows:		
Accrued interest	1,799	1,452
On demand	136,491	143,586
In not more than three months	40,689	19,402
In more than three months but not more than one year	1,487	7,789
In more than one year but not more than five years	11,378	3,603
In more than five years	5,051	4,430
Total	196,895	180,262

16. Amounts owed to other customers

	2024 £000	2023 £000
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:		
On demand	11,843	11,634
Total	11,843	11,634

17. Other liabilities

	2024 £000	2023 £000
Amounts falling due within one year		
Corporation tax	126	290
Total	126	290

18. Accruals and deferred income

	2024 £000	2023 £000
Amounts falling due within one year		
Accruals and deferred income	227	213
Total	227	213

19. Provisions for liabilities

	Deferred tax	Total
	£000	£000
At 1 January 2024	17	17
Adjustment in respect of prior years	1	1
(Paid)/Received in the year	0	0
Charge/(credit) to the income statement for the year	3	3
At 31 December 2024	21	21

Deferred taxation comprises:	2024	2023
	Amount recognised	Amount recognised
The deferred taxation liabilities are set out below:	£000	£000
Fixed asset timing differences	22	19
Short term timing differences	(1)	(2)
Total	21	17

20. Reserves

	General Reserve	Revaluation Reserve
	£000	£000
At 1 January 2024	13,231	220
Profit for the year	419	0
Revaluation of office premises	0	0
At 31 December 2024	13,650	220

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 2024	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	67,636	-
Loans and advances to credit institutions	5,350	-
Loans and advances to customers	148,533	-
Total Financial Assets	221,519	-
Shares	-	196,895
Amounts owed to other customers	-	11,843
Other liabilities	-	126
Accruals and deferred income	-	227
Total Financial Liabilities	-	209,091

Notes to the Accounts

continued

At 31 December 2023	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	36,523	-
Loans and advances to credit institutions	5,709	-
Loans and advances to customers	162,011	-
Total Financial Assets	204,243	-
Shares	-	180,262
Amounts owed to other customers	-	11,634
Other liabilities	-	290
Accruals and deferred income	-	213
Total Financial Liabilities	-	192,399

At 31 December 2024, the Society has off balance exposures in the form of mortgage commitments totalling £5.99m (2023: £10.71m).

The Society did not hold any financial assets or liabilities that qualify for measurement under the Fair Value approach as at 31 December 2024, and as at 31 December 2023.

Financial Risk Management

As highlighted by the Financial Risk Management report from page 15 onwards, the Society is by virtue of its operations exposed 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 (using Fitch agency ratings)

Credit Quality	Description	2024		2023	
		£000	%	£000	%
AA-	Bank of England Reserve	67,569	92.6%	36,457	86.3%
Unrated	Cash in hand	67	0.1%	66	0.2%
Bank of England and Cash		67,636	92.7%	36,523	86.5%
A+	Operational accounts with Barclays Bank plc	1,122	1.5%	1,908	4.5%
A+	Operational bank accounts with NatWest Bank plc	4,228	5.8%	3,801	9.0%
Loans and advances to credit institutions		5,350	7.3%	5,709	13.5%
Total Liquid Assets		72,986	100	42,232	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:

	2024	2023
	£000	£000
Cash in hand and balances with the Bank of England	67,636	36,523
Loans and advances to credit institutions	5,350	5,709
Loans and advances to customers	148,533	162,011
Off balance sheet exposures – Mortgage commitments	5,993	10,707
Total	227,512	214,950

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 31.4% (2023: 32.7%). The loan book can be broken down into the following LTV bands:

	2024		2023	
LTV Ratio	£000	%	£000	%
Less than or equal to 50%	88,498	59.2	92,597	56.9
Over 50% but less than or equal to 70%	44,164	29.5	47,106	28.9
Over 70% but less than or equal to 85%	11,215	7.5	15,988	9.8
Over 85% but less than or equal to 95%	3,278	2.2	4,882	3.0
Over 95%	2,468	1.6	2,271	1.4
Total	149,623	100.0	162,844	100.0

Analysis 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.

Notes to the Accounts

continued

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 2024 was:

	Up to 3 months £000	More than 3 months but not more than 6 months £000	More than 6 months but not more than 1 year £000	More than 1 year but not more than 5 years £000	Non interest bearing £000	Total £000
Assets						
Liquid Assets	72,986	0	0	0	0	72,986
Loans and Advances to Customers	141,752	140	1,030	5,611	0	148,533
Prepayments and Accrued Income	0	0	0	0	592	592
Investments	0	0	0	0	0	0
Tangible Fixed assets	0	0	0	0	871	871
Intangible Fixed assets	0	0	0	0	0	0
Total Assets	214,738	140	1,030	5,611	1,463	222,982
Liabilities						
Shares	186,904	0	923	7,269	1,799	196,895
Amounts owed to other customers	11,843	0	0	0	0	11,843
Other Liabilities	0	0	0	0	126	126
Accruals and deferred income	0	0	0	0	227	227
Provisions for liabilities	0	0	0	0	21	21
Revaluation Reserve	0	0	0	0	220	220
General Reserve	0	0	0	0	13,650	13,650
Total Liabilities and Equity	198,747	0	923	7,269	16,043	222,982
Net mismatches	15,991	140	107	-1,658	-14,580	0
Interest rate sensitivity gap	15,991	140	107	-1,658	-14,580	0
Cumulative Sensitivity gap	15,991	16,131	16,238	14,580	0	0
Sensitivity to General Reserves as a result of:						
A 2% increase in the interest rate	(37)	(1)	(1)	44	0	5
A 2% decrease in the interest rate	38	1	2	(46)	0	(5)

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.

The interest rate sensitivity of the Society at 31 December 2023 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	42,232	0	0	0	0	42,232
Loans and Advances to Customers	155,915	950	3,744	1,402	0	162,011
Prepayments and Accrued Income	0	0	0	0	667	667
Investments	0	0	0	0	89	89
Tangible Fixed assets	0	0	0	0	867	867
Intangible Fixed assets	0	0	0	0	1	1
Total Assets	198,147	950	3,744	1,402	1,624	205,867
Liabilities						
Shares	170,965	2,028	5,160	885	1,452	180,262
Amounts owed to other customers	11,406	0	0	0	0	11,406
Other Liabilities	0	0	0	0	290	290
Accruals and deferred income	0	0	0	0	213	213
Provisions for liabilities	0	0	0	0	17	17
Revaluation Reserve	0	0	0	0	220	220
General Reserve	0	0	0	0	13,231	13,231
Total Liabilities and Equity	182,371	2,028	5,160	885	15,423	205,867
Net mismatches	15,776	(1,078)	(1,416)	517	(13,799)	0
Interest rate sensitivity gap	15,776	(1,078)	(1,416)	517	(13,799)	0
Cumulative Sensitivity gap	15,776	14,698	13,282	13,800	0	0
Sensitivity to General Reserves as a result of:						
A 2% increase in the interest rate	(38)	7	19	(14)	0	(26)
A 2% decrease in the interest rate	38	(8)	(20)	14	0	24

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

Maturity Analysis

The maturity analysis of the financial liabilities of the Society at 31 December 2024 was:

	Not more than 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	188,708	0	955	7,807	0	197,470
Deposits and other borrowings	11,843	0	0	0	0	11,843
Other Liabilities	126	0	0	0	0	126
Accruals and deferred income	227	0	0	0	0	227
Total financial liabilities	200,904	0	955	7,807	0	209,666

The maturity analysis of the financial liabilities of the Society at 31 December 2023 was:

	Not more than 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	172,189	2,038	5,260	955	0	180,442
Deposits and other borrowings	11,634	0	0	0	0	11,634
Other Liabilities	290	0	0	0	0	290
Accruals and deferred income	213	0	0	0	0	213
Total financial liabilities	184,326	2,038	5,260	955	0	192,579

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	2024	2023
		£000	£000
General Reserve	20	13,650	13,231
Intangible assets	13	0	(1)
Revaluation reserve	20	220	220
Tier 1 capital		13,870	13,450
Collective provisions	10	150	203
Tier 2 capital		150	203
Total Regulatory Capital		14,020	13,653

Capital Requirement Directive (CRD IV) disclosures

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 providing 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	£11.8m based on interest receivable	£0.5m	£0.29m paid in settlement of corporation tax on 2023 profits	32 Full Time Equivalents

Country by Country Information

Basis of preparation:

- 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 2024 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 2024 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 company's ability to continue to adopt the going concern basis of accounting included:

- A risk assessment to identify critical factors that could impact the going concern basis of preparation, including the current and forecast financial performance and regulatory metrics. As part of our risk assessment we reviewed and considered the Society's strategic plan, the ICAAP and ILAAP, regulatory correspondence and management reports provided to key governance forums.
- Evaluating the reasonableness of the Society's strategic plan, including evaluating the reasonableness of key scenarios and performing sensitivity analysis using our understanding of the Society and its financial performance obtained during the course of our audit. We also considered management's ability to accurately forecast financial performance by comparing past forecasts to actual results;
- Critically evaluating the directors' conclusions in their own going concern assessment. This included the impact of stress testing and the likelihood of successful implementation of management actions to mitigate impacts of stress. We considered whether the Society would continue to operate above required regulatory capital and liquidity minima during times of stress; and
- Evaluating management's disclosures in the Annual Report and checking 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 company'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 company'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 Capital Requirement Directive (CRD IV) disclosures and accounting policies to 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 company'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 company 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.

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 company/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 ('PRA'), Financial Conduct Authority ('FCA') and UK tax law, 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 that could be used to manipulate financial performance and management bias in accounting estimates. Audit procedures performed included:

- Review of correspondence with the FCA and PRA;
- Testing of significant accounting estimates;
- Testing of journal entries which contained unusual account combinations and other specific risk-based criteria back to corroborating evidence;
- Discussions with management in relation to known or suspected incidents of non-compliance with laws and regulations and fraud; 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
4 March 2025

Annual Business Statement

for the year ended 31 December 2024

1. Statutory percentages

	2024 %	Statutory Limit %
Lending limit	3.89	25.00
Funding limit	5.67	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

	2024 %	2023 %
As a percentage of shares and borrowings		
Gross capital	6.64	7.01
Free capital	6.30	6.66
Liquid assets	34.97	22.01
Profit for the year as a percentage of mean total assets	0.20	0.47
Management expenses as a percentage of mean total assets	1.83	1.58

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 provisions less tangible and intangible assets.

Mean total assets are the average of the 2024 and 2023 total assets.

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

3. Information relating to directors

As at 31 December 2024

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)
K R Wint (5.1965)	04/02/2021	Non-Executive Chair	Holbeck Together	Non-executive director and charity Trustee
M T Robinson (3.1957)	01/10/2022	Non-Executive Director	Leicester and Rutland Community Foundation	Trustee
O W Laird (5.1970)	01/01//2022	Non-Executive Director	Vanquis Bank	Non-executive director
			OWL Associates	Executive Director
			Shepherds Friendly Society (wef 1/1/2025)	Non-Executive Director
R K Andrews* (10.1963)	01/09/2022	Non-Executive Director	Sheeptown Brewery Limited	Executive Director
			White Hills Consulting Limited	Executive Director
A B Meeks Chartered Director, FIoD (12.1954)	01/09/2022	Non-Executive Director	Perenna Bank Limited	Non-Executive Director
			Rimbal Holdings Limited	Non-Executive Director
			Rimbal Financial Holdings Limited	Non-Executive Director
S C A Smith FCIB (4.1957)	01/09/2022	Non-Executive Director	None	n/a
J E Bedford FCA (2.1970)	06/05/2014	Chief Executive Officer	None	n/a
S E Hall BA (Hons) ACMA, CGMA (11.1976)	02/10/2023	Executive Officer (Chief Financial Officer)	None	n/a

*RK Andrews is currently engaged in a non-executorship, contract role with Virgin Money supporting them in their Operational Resilience activities.

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 J E Bedford and S E Hall 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 25 April 2022 and 2 October 2023 respectively. No other Directors have contracts in place.

2024

Beverley Building Society
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