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BEVERLEY

BUILDING SOCIETY



Annual Report & Accounts 2025

for the year ended 31 December 2025

Building
Better
Futures

Highlights of the Year

Providing Financial Security for our Savers

Profit before tax of
£758k

(2024: £546k).

Excluding one-off system investment costs and profit on disposal of investments, the profit before tax is £1.1m (2024: £845k). Achieving this level of profit allows us to invest for member benefit for the future.

We achieved a strong margin at 2.18% (2024: 2.12%) and growth in assets of 1.19% to a **record high of £225.6m**

(2024: £223.0m).



Savings have increased by £1.8m in the year, despite having to pass some of the Bank of England base rate reductions onto our savings customers we have still seen growth. We continue to offer competitive savings rates with our notice accounts and fixed rate bonds proving popular.



Cash and cash equivalents increased significantly to £85.5m

compared to £73.0m in 2024, demonstrating a strong liquidity position and resulting from increased income from investments.

Our expenses remained flat year on year

as we have been disciplined in ensuring value for money on all costs. This has resulted in a reduced management expense ratio of 1.74% (2024: 1.83%).



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 changing economic times.

Helping more people challenged by the market to live in the home they choose

Mortgage balances reduced to £139.2m (2024: £149.6m)

as we held back from writing mortgages which don't reflect sustainable value. Our mortgage book generated £7.8m in income for the Society (2024: £9.2m) and our new mortgage advances increased by 21% year on year.



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. The launch of our new fixed rate products proved popular in the second half of 2025, resulting in a healthy pipeline to enter 2026.

38% of our book are self-employed and 48% are supported through later life lending.

We donated £19.2k back into our local community in 2025.

Within this we supported Hull and East Yorkshire Mind as our charity of the year with over £9.2k of support, through organising fundraising events and donations.

£19.2k



Supporting our community to enable it to be an even better place to live

By providing flexible, exceptional service, building lasting customer and partner relationships



Member satisfaction remained exceptionally high,

our independent customer feedback score remains one of the strongest in the sector with 4.92 out of 5.

<https://smartmoneypeople.com/beverley-building-society-reviews/products>



Our broker feedback continues to be strong with the latest comments recognising this: **"Great communication, outside the box thinking from an underwriting perspective"**.

what MORTGAGE

We are also delighted that our activity and commitment to service continued to be recognised externally in 2025 with awards from **What Mortgage**, Yorkshire Financial and Mortgage Introducer.

Chair's Statement

for the year ended 31 December 2025

I am pleased to report that in 2025 we delivered another solid financial performance with increased profit and healthy margins against an uncertain economic backdrop. We achieved strong growth in savings balances and liquidity. However, our mortgage book reduced as we chose not to write unprofitable business in a very competitive environment. This is a key area of focus for the Board and the second half of the year showed some promising improvement.

Colleagues throughout the Society continued to deliver excellent service to our members and to support our local community. We also made significant progress with our plans to modernise the business through investment in our people and technology. For example, our savings accounts can now be opened online, and we expect to offer a savings app to our members during 2026. The project to upgrade our core systems is progressing to plan, is within budget and we have strengthened our cyber security protections.

The Board welcomes the changes announced by our regulators in 2025 that give a supportive approach to helping lenders create mortgage products to better meet evolving customers' needs. Our key priorities for the next 12 months are to ensure that we have the appropriate products and capabilities to achieve sustainable growth in mortgage lending at the right margin and to continue with our ambitious programme to modernise the business. We have strong levels of capital and funding to help us achieve this.

There were no changes to the Board during 2025. Oliver Laird, Chair of the Audit & Compliance Committee, has advised he intends to step down during 2026 and we will, therefore, undertake an external recruitment process to appoint his successor.

I would like to thank my Society colleagues for their continued hard work and commitment. Customer feedback continues to show that it is the personal care and attention of our people that makes Beverley Building Society stand out. You will find more details of our 2025 financial results and business progress in the Chief Executive's Review and the Directors' Report.

Finally, I would like to extend my heartfelt gratitude to our members, my Board colleagues, brokers, suppliers and community partners for your ongoing support of the Society.

Karen Wint, Chair



24th February 2026





Chief Executive's Review

For the year ended 31 December 2025

At Beverley Building Society, our purpose remains clear and constant: to build better financial futures for our mortgage and savings members and to support the East Yorkshire community. Despite a challenging and uncertain economic environment, we strengthened our financial performance, continued to invest in our future, and remained firmly focused on delivering excellent service to our members.

2025 Performance Overview

The Society delivered a good financial result in 2025. Profit before tax increased to £758k (2024: £546k), and excluding one-off system costs, underlying profit reached £1.1m, due to growth in net interest income. Despite significant investment in our platform digitalisation programme and people, through cost discipline overall costs remained broadly flat year-on-year.

Total assets increased by £2.7m, supported by growth in savings and treasury balances. Mortgage balances reduced by £10.4m due to a subdued housing market and temporary competitive pressures. However, mortgage activity accelerated significantly in the second half of the year following the introduction of newly designed fixed rate products. Advances rose by around 60% compared with the first half, and we closed the year with a healthy £10m mortgage pipeline, positioning us well for renewed growth in 2026.

The mix of our lending book began to shift, with a higher proportion of fixed rate mortgages reflecting member preferences. On the savings side, strong inflows into fixed rate bonds contributed to funding growth.

An on-going testament to our colleagues, member satisfaction remained exceptionally high. Our independent customer feedback score remains **one of the strongest in the sector with 4.92 out of 5.**

SCAN HERE
to check out our
Smart Money
People page!



We are also delighted that our activity and commitment to service continued to be recognised externally in 2025.



Savings

The UK savings market experienced modest growth in 2025, with intense competition from larger providers. Our focus remains on delivering long term value, coupled with personal service that distinguishes the Society.

Externally, in the 2025 Autumn UK Budget there was the disappointing announcement that the Cash ISA tax free allowance will be reduced from 2027. In more positive news the FSCS (Financial Services Compensation Scheme) increased the deposit protection limit to £120,000 per person, giving our members even greater confidence in the security of their savings.

In 2025 the Beverley launched a range of competitive fixed rate bonds that attracted c. £5m in new deposits. Our highly regarded Junior ISA - one of the best paying in the UK - continues to be offered exclusively to young savers in our region, supporting the development of good savings habits from an early age.

Following investment in digital technology, we continue to roll out our digital savings accounts which can be opened and managed securely online. In 2026 we look forward to launching our mobile app, to further support member ability to transact and view their savings account at a place and time of their choosing.

Mortgages

For homeowners and lenders, 2025 was a year of stable but cautious activity. UK house prices grew modestly, and mortgage demand remained steady. Competition intensified in specialist segments as larger lenders sought to protect volumes amid a slow overall market.

Our commitment is to support members who are not always well served by mainstream lenders such as the self employed, later life borrowers and self-builders. During 2025, responding to the market, we broadened our fixed rate mortgage range. Fixed rate lending - previously a small share of our total - grew materially through the year, and we expect this to continue as we invest in interest rate hedging capabilities in 2026.

Residential mortgage arrears remain at low levels, reflecting the strong quality of our lending and the resilience of our members. Our average loan-to-value ratio remains low at 29.9% (2024: 31.4%), providing a strong buffer for members and the Society against market volatility.

Customer Service

The personal, friendly service offered by our team remains a defining strength of the Society. We expanded our customer service team to maintain high standards and short wait times, with calls answered promptly and colleagues readily available in branch, by phone, and online. This personal touch remains a major differentiator at a time when many financial institutions rely heavily on automation.

Investing in Technology and People

Our long-term success is built on the strength of our people and the quality of our systems. We are progressing with a significant, once in a generation investment in technology to improve digital access for members and brokers and support more efficient operations.

In 2025 we continued to strengthen our team in many key areas of the business as preparation for our new technology.

Corporate Social Responsibility

In line with our purpose, we recognise our responsibilities to colleagues, the community and the environment.

Community

We supported Hull and East Yorkshire MIND as our Charity of the Year, raising £19.2k through donations and events including cycling challenges, golf days and bake sales. We also continued to support valued local organisations.

Colleagues

The success of the Society is driven by its people. We remain an accredited Living Wage employer and continue to invest in quality training and development to ensure colleagues feel supported, equipped to help members and developed in their careers.

Climate

We are reducing our carbon footprint through lower paper use, improved building efficiency and increased digital communications. An independent climate risk assessment, undertaken every three years, confirmed there is no heightened risk within our mortgage book.

Looking Ahead

Looking forward we welcome the current Government's commitment to supporting the mutual sector, recognising they offer greater resilience and support inclusive regional growth. In addition, the removal of certain Building Society specific regulation in 2026 and the introduction of more proportionate regulation, under the small domestic deposit takers (SDDT) regime in 2027, provides more opportunities for smaller mutuals like the Beverley to compete.

We recognise, global and UK economic uncertainties are expected to continue. Competition - particularly in mortgages - will remain strong. But with a trusted brand, exceptional service, strong capital, and continued investment in technology and people, we are well placed to navigate the challenges ahead. Above all, we remain committed to our purpose: supporting better financial futures for our members and community.

Janet Bedford, Chief Executive Officer



24th February 2026

Board of Directors

for the year ended 31 December 2025

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 of 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 | Chair, 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 & 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.



Alfred Meeks | Senior Independent Non-Executive Director

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



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.



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 over 45 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, and he is also Board Champion for the Consumer Duty.

Directors' Report

for the year ended 31 December 2025

The Directors have pleasure in presenting their Annual Report, together with the Audited Annual Accounts and Annual Business Statement for the year ended 31 December 2025.

Business objectives and activities

The Society's business objectives and principal activities are to help families 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 grew modestly in 2025, with early optimism diminishing in H2, as inflation remained well above the Bank of England's 2% target, averaging 3.5%–3.8% throughout the year. We saw the Bank of England making further base rate reductions throughout the year, with the rate starting the year at 4.75% and ending the year at 3.75%. The economic environment has continued to be competitive for both the mortgage and retail savings markets. The Society strived to ensure it continued to offer competitive products to members through this period. We launched new fixed rate products in the second half of 2025 and these proved very successful.

Despite reductions in the Bank of England base rate, the Society managed to grow its savings balances in 2025, by ensuring we continued to offer good value saving rates over the long term, combined with exceptional personal service. Throughout 2025 we continued to grow our notice accounts and fixed rate bonds, which proved popular as we saw base rate reductions. House purchase activity was higher in 2025 compared to 2024, impacted by stamp duty changes in April 2025, improved mortgage approval levels and some rebound in market confidence, however the market remains dominated by fixed rate lending with over 90% of the UK mortgage market on fixed rate mortgages. The Society saw new advances lower than anticipated, however, as detailed above, we launched new fixed rate products in the second half of 2025, and these proved successful. We have also carried out our annual strategic review of our key market segments and remain committed to serving those underserved by the mainstream market.

Economic Outlook

The Bank of England's December 2025 cut brought the Base Rate to 3.75%, and while further reductions are expected during 2026, the MPC (Monetary Policy Committee) has signalled limited scope for easing. This cautious downwards path should gradually support borrowing conditions and improve mortgage affordability.

The mortgage market is showing signs of recovery, with gross and net lending significantly higher year on year. Affordability pressures remain but improving wage dynamics and modest rate reductions are expected to drive further activity, particularly in the remortgage segment as a large wave of fixed rate deals mature through 2026. House price growth is expected to remain modest, with activity levels stabilising.

On the savings side, balances increased strongly at the end of 2025, reflecting still elevated saving ratios. However, the recent base rate cut has already led providers to lower rates, and if inflation remains around 3%, real returns could weaken, influencing saving behaviours throughout 2026.

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 in achieving affordable home ownership, while simultaneously ensuring the long-term sustainability and financial health of the Society. We will continue to support our members with their savings goals following the news in the 2025 Autumn UK Budget that the Cash ISA tax free allowance will be reduced from 2027.

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.



2025 Highlights

- Profit before tax of £758k (2024: £546k). Excluding one-off system investment costs and profit on disposal of investments the profit before tax is £1.1m (2024: £845k). Achieving this level of profit allows us to invest for member benefit for the future.
- We donated £19.2k back into our local community in 2025. Within this we supported Hull and East Yorkshire Mind as our charity of the year with over £9.2k of support, through organising fundraising events and donations.
- We achieved a strong margin at 2.18% (2024: 2.12%) and growth in assets of 1.19% to a record high of £225.6m (2024: £223.0m).
- Savings have increased by £1.8m in the year, despite having to pass some of the Bank of England base rate reductions onto our savings customers we have still seen growth. This proves that we continue to offer competitive savings rates with our notice accounts and fixed rate bonds proving popular.
- 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. The launch of our new fixed rate products proved popular in the second half of 2025, resulting in a healthy pipeline to enter 2026.
- Mortgage balances reduced to £139.2m (2024: £149.6m) as we held back from writing mortgages which don't reflect sustainable value. Our mortgage book generated £7.8m in income for the Society and our new mortgage advances increase by 21% year on year.
- Cash and cash equivalents increased significantly to £85.5m compared to £73.0m in 2024, demonstrating a strong liquidity position and resulting from increased income from investments.
- Our expenses remained flat year on year as we have been disciplined in ensuring value for money on all costs. This has resulted in a reduced management expense ratio of 1.74% (2024: 1.83%).
- 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 changing economic times.

Profitability and Margin:

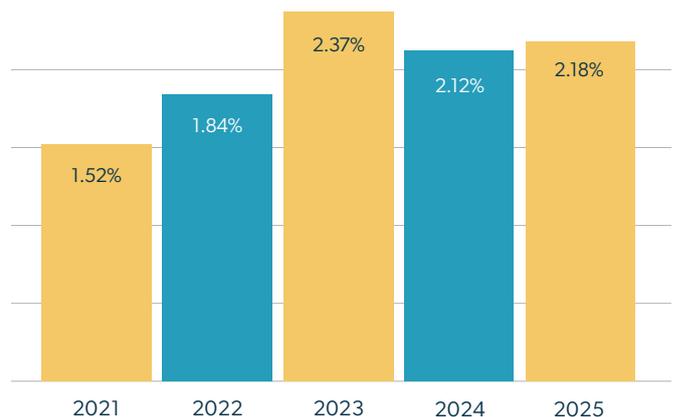
The Society's income from mortgages and the interest payable to savings members were impacted in 2025 by Bank of England base rate reductions. Whilst we didn't pass the full amounts of the reductions through to our members, we reduced proportionately to balance the interests of our mortgage and savers members and the Society's ability to invest and modernise.

In 2025 the Society increased its fixed rate lending and launched a fixed rate bond as we currently adopt a matched approach in managing interest rate risk. The fixed rate bond proved successful as did our fixed rate lending and these form part of the corporate plan for 2026-2030. We enter 2026 with a strong mortgage pipeline of £10m.

Whilst we saw a reduction in our mortgage book, our savings grew despite the rate reductions, this resulted in an increase in our liquid assets and increased investment income of £3.2m (2024: £2.6m). Our Net Interest Margin remains strong at 2.18% (2024: 2.12%), with Net Interest Income increasing to £4.9m (2024: £4.6m).

Net Interest Margin

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



Administrative expenses are in line with prior year at £3.9m (2024: £3.9m). Included in these figures is the strategic investment in our core system upgrade, as we ensure our Society is sustainable in the future, from both a resource and systems perspective. The management expense ratio has reduced compared to prior year to 1.74% (2024: 1.83%). The one-off costs incurred in 2025 were £338k, compared to £342k in 2024, excluding the one-off costs the management expense ratio would be 1.59%.

The Society has increased the provisioning against its overall mortgage book by £254k (2024: £248k). We have seen some movement in the year with the disposal of three of our properties in possession which were legacy commercial properties. Our mortgages with forbearance remain flat year on year.

The Society's profit before tax (PBT) for 2025 was £758k (2024: £546k). Excluding one-off core system costs, the underlying profit before tax is £1.1m (2024: £845k).

Profit before Tax (£)

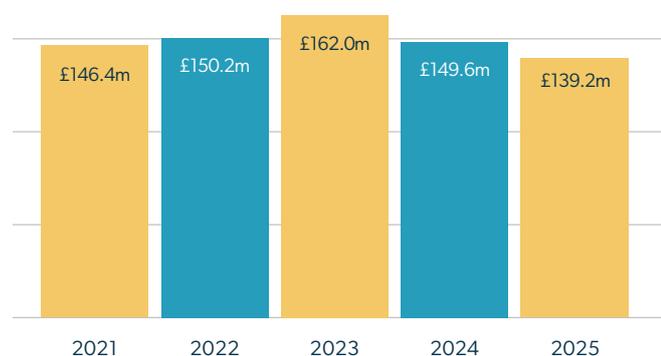


Balance Sheet

Loans and Advances

During the year the Society lent £20.7m of mortgages (2024: £17.1m) and retained 69.0% of residential mortgage schemes that had come to the end of their mortgage scheme period (2024: 68.9%). The challenging trading environment resulted in a reduction in the Society's mortgage book by 7.0% from £149.6m to £139.2m. This is in part due to us choosing not to compete in unprofitable or excessively risky areas. The Society worked hard to provide mortgage products and offerings that serve existing and future members and launched fixed rate products to the market in the second half of the year which proved successful. We will continue to grow in fixed rate mortgages as well as focusing on key niche areas which support higher margin growth in 2026 and beyond.

Mortgage Book (£'m)



Liquidity

Liquidity was £85.5m at year end compared to £73.0m at the beginning of the year. The increase is due to the increase in our savings book to £210.6m (2024: £208.7m) and reduced lending. The strong liquidity position has resulted in the Society increasing the income from investments from £2.6m in 2024 to £3.2m in 2025.

Shares and Borrowings

The Society has grown its savings balances to £210.6m in 2025 (2024: £208.7m). Despite having to pass some Bank of England rate reductions onto our savings members, our funding portfolio has increased in 2025 with our notice accounts and fixed rate bonds being very successful.

Shares and Borrowings (£'m)



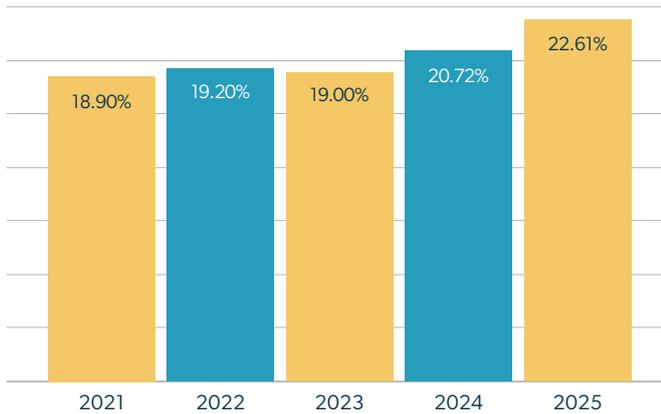
Capital

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 3.6%.

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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 2026 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 softening but some increases are still expected in 2026. 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 and accounts for any losses recovered under our mortgage indemnity policies. The position with regards to provisioning is outlined within the Risk Management Report on page 21 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

With Gross Mortgage lending in the UK estimated to increase in 2026 by 4% on 2025 (UK Finance) the Board believes 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 2025 and the predominantly fixed rate lending environment, the Board has set realistic targets for 2026 with growth over the planning period. We are also looking to embed a hedging facility which will support fixed rate lending and help to mitigate some of the associated interest rate risk.

Margin Pressure

Throughout the year the Society has managed its interest costs to carefully manage its margin. Through a challenging market and reductions in bank base rate through 2025, this has enabled us to maintain a strong net interest margin (net interest income as a percentage of mean assets).

The Society has completed financial assessments to monitor the impact of different scenarios 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 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. During the year, the Society undertook business continuity and cyber resilience exercises to test preparedness, with lessons learned used to further strengthen response arrangements and controls.

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 have implemented structured change management processes, supported by specialist support, with a planned staged transition over several years and 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, supported by independent assurance and certification. The Society also recognises the evolving opportunities and risks associated with emerging technologies such as artificial intelligence and has established appropriate governance to support responsible and controlled adoption. 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 2025 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. Aligned to SS5/25 (Climate Related Financial Risk Regulation) published in December 2025, the Society has embedded the management of climate 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 21.



Going Concern

The Directors, in line with the responsibilities set out on page 31, have assessed the Society's ability to continue as a going concern, having regard to the principal risks and uncertainties set out in the Risk Management Report. In determining the Society's going concern status, the Directors have considered the following key matters:

- Business performance, strategic risk, regulatory compliance and operational resilience, including the Society's ability to continue to operate effectively during the planned core banking system transformation.
- Capital risk, including:
 - the ability of the Society to conduct its business sustainably over the planning horizon, taking into account the expected one-off costs associated with the core banking system upgrade; and
 - the sufficiency of capital resources to support the Society's existing and planned business activities and to maintain compliance with regulatory capital requirements.
- Liquidity risk, including the adequacy of liquidity resources to fund the Society's activities, taking account of funding diversification, maturity profile and compliance with regulatory liquidity requirements.
- Credit risk, including the quality of the Society's mortgage portfolio, informed by recent experience, provisioning levels and stress testing outcomes.

As part of the going concern assessment, the Directors reviewed forecasts covering a period of at least 12 months from the date of approval of these Annual Report and Accounts, together with a range of scenario and stress tests. In addition, the Directors considered the results of stress testing performed within the Society's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The stress scenarios considered included, among other matters, adverse movements in interest rates, margin compression, reduced lending volumes and increased costs associated with the core banking system transformation. Under all scenarios considered, the Society was assessed to remain compliant with its regulatory capital and liquidity requirements.

After making appropriate enquiries, the Directors have a reasonable expectation that the Society has adequate resources to continue in operational existence for the foreseeable future, even under stressed conditions. Accordingly, the Annual Report and Accounts have been prepared on a going concern basis.

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 2025, amounts due to relevant creditors of the Society were paid on average within 14 days (2024: 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 £19,200 was donated in 2025. 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 2025, our employee profile was 68% female and 32% male. Of our eight current senior leaders – executives and the senior management team – three (38%) are female and five (62%) 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.

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 Mark Robinson, Bob Andrews and Stephen Smith 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 & 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 2025. 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



24th February 2026



Risk Management Report

for the year ended 31 December 2025

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 generally has a low to moderate risk appetite across the majority of its Primary risks so as to maintain the confidence of present and future members and to allow the achievement of its corporate objectives.

The Society updated its risk management structure in 2025, simplifying its risk taxonomy so it can better focus on the six Primary risks (Strategic, Conduct, Operational, Financial, Credit and Regulatory). The enhanced structure includes clear risk appetites for each Primary risk together with the development of supporting key risk indicators (KRIs) to alert management when exposures are at or near appetite limits. Sub risks, particularly in the wider scope risks of Finance, Conduct and Operational, feed into the relevant Primary risk categories. This new structure is reviewed regularly by the Society's Board of Directors as it evolves. With a change to the taxonomy, the Society's Risk Register has also undergone change to ensure clearer alignment to the Primary risks and more emphasis on control effectiveness. The Society had established a number of committees and policies to either oversee or manage these risks and these will continue under the new framework as they follow sound governance principles and regulatory guidance. The role of these committees is described in the Corporate Governance Report on page 31.

Strategic Risk

Strategic risk refers to the potential for losses or adverse outcomes arising from poor strategic decisioning, inadequate implementation of strategy, or failure to respond effectively to changes in the external environment. It is essentially the risk that the Society's adopted business model or long-term plans do not achieve their desired objectives or threaten its sustainability.

Strategic risk is overarching by the nature of its definition; and other Primary Risks will be influenced collectively or individually by strategic decisioning; for example, a decision to enter new, higher-risk niches of the mortgage market.

Strategic risk tends to be more forward-looking and given its importance, the CEO and fellow Executives manage oversight of this risk on a daily basis, reporting to the Board with regular updates on strategic imperatives such as Core System Transformation, entering new markets and any other initiatives that may significantly impact the Society's business model, culture or strategic objectives and financial performance.

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. Both these risks are rated by the Society as Primary risks given their importance to its business model and corporate objectives.

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

- **Key Risk Indicators (KRIs):** Reflecting the overall Risk Appetite in a quantitative structure. These indicators are developed and approved to provide measures of the effectiveness of the systems and controls that have been designed and implemented to manage conduct and operational risks within Board appetite. Any operational performance outside normal limits is escalated to the Board to establish any material issues and confirm the adequacy of controls and 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 fully documented and reviewed within the risk management structure 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 complaints data the Society also monitors its own social media pages and formal member feedback to identify additional sources of complaints or potential member harm.
- **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 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 accurately reflects the existing level of gross and net risk and the effectiveness of controls designed to mitigate the risks, as well as reflecting 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 FCA's Consumer Duty Principle 12 and the introduction of its recent cross-cutting rules regarding acting in good faith, avoiding foreseeable harm and ongoing support to members. These rules are embedded within the Society's culture and working practices, including the development of products and services. 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. In spite of it no longer being a regulatory imperative, the Board continues to retain 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. This is supported by an environment that encourages colleagues to report risk events or near misses, to 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 continue to be very low.

Credit Risk – Mortgages

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

The effectiveness of systems and controls for the management of credit risk is the principal objective of the monthly Executive Retail Credit Committee (ERCC) and a key component of reporting and discussion in the Executive and Board Risk Committees which meet quarterly.

In order to help mitigate credit risk, all new lending is assessed manually against the Society's Credit Risk Management Policy by experienced Underwriters. A full affordability assessment, including an appropriate affordability stress test 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 lending mandates.

For the small number of our borrowers who anticipate or are experiencing financial difficulties, in certain circumstances the Society uses forbearance measures to support them whilst encountering temporary or longer-term financial stresses. For example, we may agree to a temporary transfer of the borrowing 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 such as 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 support our members to achieve positive, longer term and sustainable outcomes whenever we can, 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 2025, the Society has increased the provisioning against its overall mortgage book by £254k (2024: £248k). We have seen some movement in the year with the disposal of three of our properties in possession which were legacy commercial properties.

At 31 December 2025, there was 1 (2024: 2) loan account where the property was in possession or under Law of Property Act Receivership, with a balance outstanding of £1.2m (2024: £873k).

At the year-end there were 14 (2024: 16) accounts where forbearance measures were being exercised: the balance of these accounts amounted to £3.9m (2024: £4.7m), or 2.80% (2024: 3.15%) of mortgage balances. There is £561k (2024: £392k) 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 2025 was 54.9% (2024: 51.0%).

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.

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 a notable sub-risk within the Society's new and wider-scoped Financial risk category. This relates to 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, surplus 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 appropriate Liquidity Risk thresholds 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 2025 the Society held £85.5m (2024: £73.0m) of liquid assets, representing 40.6% (2024: 35.0%) of shares and borrowings.

The Society's risk indicators, 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. With effect from 2025, changes to liquidity and capital regulation meant a new Solvent Exit Analysis has also been incorporated into the Recovery Plan. This document is a forward-looking tool that demonstrates how firms will plan and structure an orderly exit from business activities while remaining solvent. It assesses the feasibility of ceasing operations responsibly, without triggering insolvency or wider disruptions and any serious detriment to members and other stakeholders.



Capital Risk

Capital risk is the risk that the Society does not maintain sufficient capital resources to support its current and planned activities, absorb losses under stressed conditions, or meet minimum regulatory requirements. The Society manages capital conservatively to ensure long-term financial resilience, protect members' interests, and maintain confidence in its ability to continue as a going concern.

The Society is required to meet capital adequacy standards set by the Prudential Regulation Authority (PRA), including its Overall Capital Requirement (OCR). In line with its Risk Appetite Statement, the Society's policy is to maintain a prudent surplus above its OCR, ensuring sufficient headroom to absorb downside risks and to support sustainable balance sheet growth.

Capital planning and assessment are carried out through the annual Internal Capital Adequacy Assessment Process (ICAAP), which evaluates whether the Society's capital is adequate under a range of base-case and severe but plausible stress scenarios.

ICAAP analysis confirms that the Society remains well-capitalised under both base-case and PRA anchor stress tests. Capital resilience is further supported through the timely application of management actions, with regulatory buffers maintained throughout the stress horizon.

Capital risk is monitored regularly through the Society's governance structure, including the Risk Committee and Board, using forward-looking capital forecasts aligned to the Corporate Plan. Stress-testing, scenario analysis, and ongoing dialogue with the PRA ensure the Society maintains a robust capital position in anticipation of future regulatory developments, including the move to the Simplified Domestic Deposit Taker (SDDT) regime.

Interest Rate Risk in the Banking Book ('IRRBB')

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

During 2025 the Society launched some new fixed rate mortgages these were matched against fixed bonds of the same duration. Interest rate risk is created where 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 portfolio is currently less than 15% of the mortgage portfolio, therefore interest rate risk remains limited. The Society reviews its matching position on both live and pipeline products basis at least monthly.

As we look to grow our fixed rate mortgages, during 2026 we are looking to develop a hedging facility to contribute to the mitigation of interest rate risk.

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 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, using both actual and forecast data. The interest rate sensitivity at 31 December 2025 is detailed in note 20 to the accounts.

Regulatory & Legal Risk

Regulatory & Legal risk refers to the risk that changes in laws, regulations, or supervisory expectations may negatively impact the Society and its ability to continue trading in a compliant and lawful manner.

Operating within a highly regulated and competitive financial services market, regulatory and legal considerations are embedded into most of the Society's activities. Key regulatory focus includes capital requirements, countering money laundering and financial crime, the protection of stakeholder data, health and safety of its staff, identification and accommodation of member vulnerability and responding promptly and fairly to member dissatisfaction – to name but a few. Climate risk and solvent exit planning are two emerging risks where the regulatory burden and transparency of the Society's activities and compliance in these areas has increased in 2025.

Given its importance, management monitor on a daily basis any planned or anticipated changes to the regulatory and legal landscape so that it can assess their relevance and impact to the Society in readiness for eventual implementation and adherence.

One of the primary roles of the Risk & Compliance Team and other Subject Matter Experts in specific areas (e.g. HR & Finance) is to ensure that changes in the legal and regulatory landscape are assimilated into business processes and staff awareness with the least disruption to operations. Where the regulation or legislation is complex or will have a fundamental impact on the Society, implementation will either be structured via the Society's Change Management Programme or the creation of a special management working group to oversee its implementation, consisting of representation from across all departments impacted by the change. The Board, and its sub-committees receive regular updates on these changes via a Horizon Scanning section within each agenda where committee members have the opportunity to review, assess and understand the impacts key regulatory and legal changes may have on the Society, but also on its members, staff and stakeholders on a wider, strategic scale.

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. Whilst not considered as a Primary risk by the Board given its current low impact on the Society, it is an area of increasing regulatory focus and a topic that generates social, environmental, political and economic interest. Predominantly, they are a combination of:

Physical Risk: the risk of the Society' mortgage portfolio or own assets 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.

Transition Risk: the risks arising from the process of adjustment towards a low-carbon economy. Changes in Government policy, regulation, the move to 'cleaner' 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 Society historically has assessed its risk via an independent third party modelling its entire portfolio for quantitative impacts for both physical and transitional risks on a periodic basis. The 2024 report showed very little change from the 2021 report in both risk areas and a generally low exposure to physical risks overall.

The Society is reviewing its governance and data sources relating to the assessment of climate risk exposure, together with a more robust examination of scenario analyses and reverse stress testing as part of a wider piece of regulation that comes fully into force in 2026. This will involve the establishment of an annual climate risk report for Board review which will document the risk exposures and the level of stress and assumptions the Society has based its risk exposure upon.

In terms of potential transition risk, as part of its Clean Growth Strategy, the UK Government has set out a specific pillar that may impact homeowners for reducing emissions from homes. This is one of eight key pillars and broadly focuses on retrofitting existing housing stock, boosting energy efficiency, and lowering heating loss in homes. This objective is formulated around Energy Performance Certificates (EPCs), which give residential 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 some 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.

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; particularly as 'mortgage churn' and its strategic focus on the self-build market means that over time, more efficient technologies used in newer housing reduces the transition risk. The quantitative assessment will be refreshed again in 2027 at the latest.

Over the last few years, the Society has been making conscious decisions to reduce the Society's own impact on the environment:- for example, installing more efficient central heating in our premises and reducing paper usage by investing in technology to automate current paper-based processes, scanning documents 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 continue to give focus to in 2026.

Mark Robinson
Chair of the Risk Committee



24th February 2026



Directors' Remuneration Report

for the year ended 31 December 2025

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 UK Corporate Governance Code (2018), together with the revisions issued in January 2024 where relevant, relating to remuneration alongside the disclosures within the Corporate Governance Report on page 31.

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 31.

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 Alfred 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				
2025				
J E Bedford	160	1	16	177
S Hall	112	1	11	124
Total	272	2	27	301
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

Non - Executive Directors

	2025 Fees £000	2024 Fees £000
R K Andrews (Chair of People & Culture Committee)	25	24
O W Laird (Chair of Audit & Compliance Committee)	25	24
A B Meeks (Senior Independent Director)	26	25
M T Robinson (Chair of Risk Committee)	25	24
S C Smith	25	24
K Wint (Chair of Board)	31	30
Total	157	151

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 2025, the Society had 13 people that were classified as material risk takers (31 December 2024: 12). Their remuneration for the period is shown in the table below.

Material Risk Takers

	2025 £000	2024 £000
Non-Executive Directors	157	151
Executive Directors	301	293
Other Senior Management	407	261
Total	865	705

The Year Ahead

The People & Culture Committee has set out its agenda of activity for 2026 and intends to focus, in the year ahead, on key areas such as continuing to embed a culture of efficiency and innovation, developing a strong employer brand, looking at ways to encourage our employees to work at the top of their skillset and reviewing succession planning and development.

Bob Andrews

Chair of the People & Culture Committee



24th February 2026



Corporate Governance Report

for the year ended 31 December 2025

The Society has had regard to the Society-relevant best practice principles in the Financial Reporting Council's UK Corporate Governance Code (the Code), originally issued in 2018 and updated in January 2024. The 2024 update applies to financial years beginning on or after 1 January 2025, with certain provisions, including Provision 29 relating to internal controls, becoming applicable from 1 January 2026. The Society applies the principles of the Code in a proportionate manner, having regard to its size, complexity and mutual status, and sets out below its approach to key areas of corporate governance.

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.

Governance reporting should focus on board decisions and their outcomes in the context of the company's strategy and objectives. Where the board reports on departures from the Code's provisions, it should provide a clear explanation.

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, led by the Senior Independent Non-Executive Director.

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.

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.

Alfred Meeks is appointed Senior Independent Non-Executive 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 and also in his role as Whistleblowing Champion.

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

i. Audit & Compliance Committee

The Committee, chaired by Oliver Laird, meets at least four times a year and:

- 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.

The other members of the Committee are Alfred 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.

The other members of the Committee are Karen Wint, Stephen Smith and Alfred Meeks.

Further details can be found in the Directors' Remuneration Report on page 28.

iii. Risk Committee

The Risk Committee, chaired by Mark Robinson, meets at least four times a year. The Committee is responsible for:

- Oversight for all key risks
- The maintenance and review of the Society's risk management framework to identify, manage and mitigate key risks faced by the Society.
- Ensuring the Society adheres to the Board's risk appetite statements via production of Risk Management Information, incident reports and regular updates on key projects, Society-wide initiatives and regulatory change
- Approval of large credit exposures beyond the mandate of the Executive

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 2025 there were no outstanding regulatory approvals.

	Board	Audit and Compliance	People & Culture	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	-	6/6
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.

NEDs form the majority of directors 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 Non-Executive 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.

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 ended 31 December 2025 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. Both appointments and succession plans should be based on merit and objective criteria. They should promote diversity, inclusion and equal opportunity.

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 Non-Executive 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 Non-Executive 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 2025 the Board consisted of two Executive Directors and six Non-Executive Directors (including the Chair) 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.

Appointments to the Board

Board appointments are managed through the People & Culture Committee which from a governance perspective also carries the responsibilities of a combined Nominations and Remunerations 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 32, and Board members' significant other commitments are set out in the Annual Business Statement on page 80.

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 (see above for exclusions).

The People & Culture Committee has considered the benefits and downsides 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 and maintain an effective risk management and 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 objectives.

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 43. The statement that Society's business is a going concern is contained in the Directors Report on page 18.

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 and refreshed an appropriate assessment of the Society's Primary risks in 2025, 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 2025 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, with Provision 29 becoming applicable from 1 January 2026. 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 & 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 28 gives further information on how the Society determines the remuneration of Directors.

**Karen Wint
Chair**



24th February 2026



Annual Report of the Audit & Compliance Committee

for the year ended 31 December 2025

The Audit & 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 Alfred 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 32.

Committee Meetings

The Committee meets, at a minimum, four times a year. During 2025, the Committee met four times (2024: four times).

Regular attendees of the Committee include the Chair of the Society's Board of Directors, the Chief Executive, the Chief Financial Officer, 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 2025 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 2025, are outlined below:

Integrity of Financial Reporting

The Committee reviewed the integrity and appropriateness of the 2025 Financial Statements including the Annual Report and Accounts for the year ended 31 December 2025 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 2025 Financial Statements, the Committee examined and challenged the following areas of judgement and how they affected the 2025 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. The Committee has also assessed its credit provisioning requirements as part of its going concern review, with particular focus on both legacy commercial exposures and arrears trends. Overall provisioning levels reflect current arrears performance, updated collateral valuations, and forward-looking stress scenarios. 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 2025.

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 auditors 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 2025 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 2025, 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, this assesses whether The Society's lending practices comply with its own policies and responsible lending standards.

Virtualisation Project, this looks at assessing the approach to the design, implementation, and governance of a major IT infrastructure change involving virtualisation technology. This audit ensures that the project aligns with regulatory expectations, internal risk frameworks, and best practices for IT resilience and security.

Financial Crime, this assesses how effectively The Society prevents, detects, and responds to financial crime risks such as money laundering, fraud, bribery, and sanctions breaches.

Operational Resilience, this assesses how effectively The Society has implemented its operational resilience framework. This audit provides assurance to the Audit & Compliance Committee that the Society can prevent, adapt to, respond to, recover from, and learn from operational disruptions,

Cyber Risk Management, this audit evaluates how effectively The Society identifies, manages, and mitigates cyber risks. It provides assurance to the Audit & Compliance Committee that cybersecurity governance, controls, and response capabilities are robust and aligned with regulatory expectations and best practices

Recovery Planning and Solvent Exit, this assesses whether a The Society's Recovery Plan and Solvent Exit Analysis (SEA) meet regulatory expectations and internal governance standards. It provides assurance to the Audit & Compliance Committee that the firm can restore financial resilience under stress and, if necessary, exit the market in an orderly manner while remaining solvent.

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 2025. 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.

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 & Compliance Committee



24th February 2026





Statement of Directors' responsibilities

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

The Building Societies Act 1986 (the Act) requires the Directors to prepare annual accounts for each financial year. Under that law the Directors have prepared the annual accounts 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 annual accounts 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 annual accounts, 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 annual accounts;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the annual accounts 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 annual accounts 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 annual accounts 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**



24th February 2026



Independent auditors' report to the members of Beverley Building Society

Report on the audit of the annual accounts

Opinion

In our opinion:

- Beverley Building Society's annual accounts (the "annual accounts") give a true and fair view of the state of the Society's affairs as at 31 December 2025 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, including 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 2025;
- the Income Statement and the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Members' Interests for the year then ended; and
- the notes to the annual accounts, which include a description of the significant accounting policies.

Certain notes to the annual accounts have been presented elsewhere in the Annual Report, rather than in the notes to the annual accounts. These are cross-referenced from the annual accounts and are identified as '(Audited)'. The relevant disclosures are included in the Directors' Remuneration Report.

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, as 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.

Other than those disclosed in Note 4, we have provided no non-audit services to the Society in the period under audit.

Our audit approach

Overview

Audit scope

- The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment and other qualitative factors. We performed audit procedures over all material account balances and financial information of the Society.

Key audit matters

- Impairment provision for loans and advances to customers

Materiality

- Overall materiality: £146,000 (2024: £138,000) based on 1% of Total reserves attributable to members.
- Performance materiality: £109,000 (2024: £103,500).

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.

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
<p>Impairment provision for loans and advances to customers</p> <p>The impairment provision represents management's best estimate of the incurred loss within the portfolio at the balance sheet date, calculated in accordance with IAS 39.</p> <p>The provision is split between a collective provision to account for losses that have not yet been individually identified, and specific provision to cover losses on individually impaired loans. Our audit focused on the significant assumptions for which variations had the most material impact on impairment provision.</p> <p>The highest degree of estimation uncertainty is the level of provision required for individually impaired loans (specific provision). These loans are considered on a case-by-case basis and require assumptions over future cash flows, specifically forced sale discounts, time to recover and valuation of collateral, where relevant.</p> <p>The Society's impairment provision balances are detailed within Note 10. Management's associated principal accounting policies are detailed in Note 1 along with critical accounting estimates.</p>	<ul style="list-style-type: none"> • We evaluated the design and implementation of the key controls over the loan provision impairment process. • We evaluated the conceptual soundness of the impairment methodology to assess whether it is in compliance with the requirements of FRS 102. • For a sample of loans that were individually impaired, we evaluated the reasonableness of the assumptions (forced sale discounts, time to recover) over future cash flows given the borrowers' circumstances by reviewing alternative evidence, historical trends and market data. • For a sample of loans that were individually impaired, we assessed the reasonableness of the valuations of collateral by reviewing third party valuations (where available) and comparable recent sales. • We evaluated the adequacy of the disclosure relating to impairment of loans and advances to customers.

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 loans that are secured primarily on residential property, funded largely by saving products with its members. 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 impact of climate risk on our audit

As part of our audit we made enquiries of management to understand the extent of the potential impact of climate risk on the Society's annual accounts, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk. Our procedures did not identify any material impact as a result of climate risk on the Society's annual accounts.

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	£146,000 (2024: £138,000).
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 personal savings products. The strategy is not one purely of profit maximisation. The soundness of the Society is based on its regulatory capital, which is closely aligned to accounting reserves. As such we consider a benchmark based on 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% (2024: 75%) of overall materiality, amounting to £109,000 (2024: £103,500) for the Society annual accounts.

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 £7,300 (2024: £6,900) 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:

- performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the current and forecast financial performance;
- understanding and evaluating management's going concern assessment, including consideration of the impact of current economic environment;

- understanding and evaluating management's forecasts and the stress testing of liquidity and regulatory capital performed by management;
- evaluating management's ability to accurately forecast financial performance by comparing budgeted financial information with historical actual results;
- reviewing regulatory correspondence and discussion with the Prudential Regulation Authority ("PRA") to understand their views of the Society; and
- reading and evaluating the appropriateness of the disclosures made in the annual accounts in relation to going concern.

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



Beverley

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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 2025 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 Annual Business Statement and the Directors' Report.

Responsibilities for the annual accounts and the audit

Responsibilities of the directors for the annual accounts

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

In preparing the annual accounts, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line

with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Society and industry, we identified that the principal risks of non-compliance with laws and regulations related to Financial Conduct Authority's ('FCA') regulations and the Prudential Regulation Authority's ('PRA') regulations, 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 the posting of inappropriate journal entries that could be used to manipulate financial performance and the potential for management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiries of management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations;
- Review of internal audit findings throughout the year, in so far as these related to the annual accounts;
- Review of correspondence with the PRA and FCA;
- Incorporation of an element of unpredictability in our testing through altering the nature, timing and/or extent of work performed;
- Challenging estimates and judgements made by management in forming significant accounting estimates in particular those relevant to the key audit matters; and
- Identifying and testing journals entries, in particular journal entries posted with unusual account combinations indicating a higher level of risk.

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.

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

We were first appointed by the Society for the financial year ended 31 December 2020. Our uninterrupted engagement covers six financial years.



Natalia Golubeva (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

24th February 2026



Income Statement

for the year ended 31 December 2025

	Notes	2025 £000	2024 £000
Interest receivable and similar income	2	11,031	11,837
Interest payable and similar charges	3	(6,157)	(7,209)
Net interest income		4,874	4,628
Other operating income		74	68
Profit on disposal of shares		-	43
Net operating income		4,948	4,739
Administrative expenses	4	(3,850)	(3,865)
Depreciation and amortisation	11,12	(54)	(53)
Operating charges		(32)	(27)
Operating profit before impairment losses and provisions		1,012	794
Impairment provision for loans and advances	10	(254)	(248)
Profit before tax		758	546
Tax on profit on ordinary activities	7	(188)	(127)
Profit for the financial year	19	570	419

The notes on pages 57 to 78 form part of these accounts.

Statement of Other Comprehensive Income

for the year ended 31 December 2025

	Notes	2025 £000	2024 £000
Profit for the financial year		570	419
Other comprehensive expense			
Revaluation of freehold land and buildings	19	182	-
Total comprehensive income for the year		752	419

The notes on pages 57 to 78 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 2025

Assets	Notes	2025		2024	
		£000	£000	£000	£000
Liquid assets					
Cash in hand and balances with the Bank of England		80,083		67,636	
Loans and advances to credit institutions	8	5,437		5,350	
Total liquid assets			85,520		72,986
Loans and advances to customers	9	138,303		148,533	
Prepayments and accrued income	13	779		592	
Tangible fixed assets	11	1,035		871	
Intangible fixed assets	12	0		0	
Total assets			225,637		222,982
Liabilities and Reserves					
Shares	14	200,148		196,895	
Amounts owed to other customers	15	10,421		11,843	
Total shares and borrowings			210,569		208,738
Other liabilities	16	192		126	
Accruals and deferred income	17	235		227	
Provisions for liabilities	18	19		21	
Total liabilities			211,015		209,112
Reserves					
Revaluation reserve	19	402		220	
General reserve	19	14,220		13,650	
Total reserves attributable to members	19		14,622		13,870
Total liabilities and reserves			225,637		222,982

The notes on pages 57 to 78 form part of these accounts.

Approved by the Board of Directors on 24th February 2026 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 2025

2025	General Reserve £000	Revaluation Reserve £000	Total £000
Balance as at 1 January	13,650	220	13,870
Total comprehensive income for the year			
Profit for the financial year	570	0	570
Other Comprehensive Expense	0	182	182
Balance as at 31 December	14,220	402	14,622

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

The notes on pages 57 to 78 form part of these accounts.

Statement of Cash Flows

for the year ended 31 December 2025

	2025	2024
	£000	£000
Cash flows from operating activities		
Profit on ordinary activities before taxation	758	547
Depreciation and Amortization	54	53
Increase in provision for impairment	254	248
Decrease in effective interest rate accounting adjustment	32	(17)
Profit on investment disposal	0	(43)
Total	1,098	788
Changes in operating assets and liabilities		
Net (increase)/decrease in prepayments and accrued income	(187)	75
Net increase in shares	3,253	16,633
Net (decrease)/increase in amounts owed to credit institutions and other customers	(1,422)	208
Net increase in accruals and deferred income	8	14
Taxation paid	(124)	(288)
Net decrease in loans and advances to customers	9,944	13,248
Net cash inflow from operating activities	12,570	30,678
Cash flows from investing activities		
Purchase of tangible and intangible assets	(36)	(56)
Proceeds from disposal of investments	-	132
Net cash (outflow)/inflow from investing activities	(36)	76
Net increase in cash and cash equivalents	12,534	30,754
Cash and cash equivalents at the beginning of the financial year	72,986	42,232
Cash and cash equivalents at the end of the financial year	85,520	72,986
Net Movement	12,534	30,754

The notes on pages 57 to 78 form part of these accounts.

Notes to the Accounts

for the year ended 31 December 2025

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.

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 remortgage 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 financial assets and financial liabilities 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, the expected timing of future recoveries, 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 reported. 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. At December 2025 and December 2024, the Society did not let any properties in possession.

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.

1.7 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 Statement of Financial Position 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

In assessing whether it is appropriate to prepare the financial statements on a going concern basis, the Directors have considered the Society's ability to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements, under both normal and stressed operating conditions.

In making this assessment, the Directors have had regard to the principal risks and uncertainties set out in the Risk Management Report. In determining the Society's going concern status, the Directors have considered the following key matters:

- Business performance, strategic risk, regulatory compliance and operational resilience, including the Society's ability to continue to operate effectively during the planned core banking system transformation.
- Capital risk, including:
 - the ability of the Society to conduct its business sustainably over the planning horizon, taking into account the expected one-off costs associated with the core banking system upgrade; and
 - the sufficiency of capital resources to support the Society's existing and planned business activities and to maintain compliance with regulatory capital requirements.
- Liquidity risk, including the adequacy of liquidity resources to fund the Society's activities, taking account of funding diversification and compliance with regulatory liquidity requirements.
- Credit risk, including consideration of the quality and performance of the Society's mortgage portfolio, informed by recent experience, provisioning levels and stress testing outcomes.

As part of the going concern assessment, the Directors reviewed forecasts prepared as part of the Society's five-year Financial Plan, together with a range of scenario and stress tests. The Directors also considered the results of stress testing performed within the Society's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP).

The stress scenarios considered included, among other matters, adverse movements in interest rates, margin compression, reduced lending volumes, increased credit losses and the cost and operational impacts associated with the core banking system transformation.

Based on this assessment, the Directors are satisfied that the Society would continue to meet its regulatory capital and liquidity requirements and maintain adequate resources under all scenarios considered.

Accordingly, the Directors conclude that there are no material uncertainties related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern, and the financial statements have therefore been prepared on a 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 time to recover.

Within the Society's loan portfolio £4,923k (2024: £4,987k) of loans are considered to be individually assessed for impairment purposes. These are secured by mortgage collateral of £6,454k (2024: £4,870k) and provisions are recorded against them of £812k (2024: £968k).

• *Forced Sale Discount*

In terms of the sensitivity, a 5% increase in the forced sale discount securities value on impaired loans would result in an increase in the impairment provision of £53,000 (2024: £86,000). Conversely, a 5% decrease would result in a decrease of £53,000 (2024: £82,000).

• *Time to recover impaired loans*

In terms of sensitivity, if it takes an extra 12 months to recover impaired loans from the expected timing of future recoveries in the discounted cash flow models, the specific provision would increase by £118k (2024: £125k).

Valuation of Freehold Premises

As noted in the accounting policy, the freehold buildings are stated at their latest independent open market valuation less any accumulated impairment since the latest valuation date. A revaluation is carried out at least every two years by an independent valuer. The Society's head office building was last revalued in December 2025 by an external, RICS-qualified property valuer, using an open market valuation approach for existing use, resulting in a charge to the Society's revaluation reserve of £182,000.

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.

The valuation of the freehold premises represents a key source of estimation uncertainty, as it is based on professional judgement applied by the independent valuer. In determining the valuation, a key assumption is the yield applied to capitalise anticipated rental income, which the valuer has assessed at approximately 8%.

A sensitivity analysis indicates that a 1% increase in the applied yield would result in a reduction in the valuation of approximately £110,000, with a corresponding reduction in fixed assets and the revaluation reserve. This reduction in the revaluation reserve would cause capital and other comprehensive income to also fall by approximately £110,000. Conversely, a 1% decrease in the applied yield would result in an increase in the valuation of approximately £140,000, with an equivalent impact.

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 and IFRS 16, regarding leases, will have an immaterial impact on the Society.

2. Interest receivable and similar income	2025	2024
	£000	£000
On loans fully secured on residential property	7,488	8,826
On other loans fully secured on land	308	374
On other liquid assets	3,235	2,637
Total	11,031	11,837

Included within interest receivable on loans fully secured on residential property is £189,000 (2024: £201,000) in respect of interest income on loans that are specifically provided for as at 31 December 2025.

Included within interest receivable on other loans fully secured on land is £144,000 (2024: £151,000) in respect of income on loans and advances that are specifically provided for as at 31 December 2025.

3. Interest payable and similar charges	2025	2024
	£000	£000
On shares held by individuals	5,967	7,045
On deposits and other borrowings	190	164
Total	6,157	7,209

4. Administrative expenses	2025	2024
	£000	£000
Staff costs (note 5)	1,777	1,843
Other administrative expenses	2,073	2,022
Total	3,850	3,865
Remuneration of auditors		
Audit of these financial statements (1)	119	110
All other services	3	0

The remuneration of the auditors reflects amounts payable to PwC LLP (2024: PwC LLP) for audit of these financial statements.

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

5. Staff numbers and costs

The average number of staff employed by the Society during 2025 and 2024 is as follows:

	2025	2024
	Number	Number
Full time	34	27
Part time	9	10
Total	43	37

	2025	2024
	£000	£000
Wages and salaries	1,425	1,534
Social security costs	210	172
Other pension costs	142	137
Total	1,777	1,843

The Society operates a group personal pension scheme (a defined contribution scheme) of which 39 employees were members as at 31 December 2025 (2024: 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 £458,000 (2024: £539,000).

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 2025 and 31 December 2024 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 2025 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.

7. Tax on profit on ordinary activities	2025	2024
	£000	£000
The tax charge for the year comprises:		
Corporation tax on profits for the year	192	125
Adjustment in respect of previous periods	(2)	(2)
Total current tax	190	123
Deferred taxation (note 19)		
Origination and reversal of timing differences	(2)	3
Adjustment in respect of previous periods	0	1
Effect of tax rate change	0	0
Total deferred tax	(2)	4
Total corporation tax	188	127
Reconciliation of tax on profit on ordinary activities		
Profit on ordinary activities before tax	758	546
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 25.00% (2024: 25.00%)		
	189	136
Expenses not deductible	1	1
Non taxable income	0	(9)
Benefit of enhanced capital allowances	0	0
Adjustment in respect of previous periods	(2)	(1)
Tax Charge for the Year	188	127

Factors affecting and future tax charges

The standard rate of corporation tax in the UK was 25% during 2025 and 2024. Accordingly, deferred taxation has been calculated at 25%.

8. Loans and advances to credit institutions	2025	2024
	£000	£000
Loans and advances to credit institutions have maturities as follows:		
On demand	5,437	5,350
Total	5,437	5,350

9. Loans and advances to customers

	2025	2024
	£000	£000
Loans fully secured on residential property	134,400	143,797
Loans fully secured on land	3,903	4,736
Total	138,303	148,533

Maturity analysis

The remaining maturity of loans and advances to customers from the date of the Statement of Financial Position is as follows:

Repayable on demand	1,747	403
In not more than three months	705	499
In more than three months but not more than one year	3,771	3,971
In more than one year but not more than five years	31,171	30,431
In more than five years	101,815	114,319
	139,209	149,623
Less: Provisions (note 10)	(903)	(1,119)
Add: Net EIR asset/(liability)	(3)	29
Total	138,303	148,533

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.

	2025	2024
Average LTV	29.9%	31.4%

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

	2025		2024	
	£000	%	£000	%
East Anglia	2,696	1.9	2,691	1.8
East Midlands	9,722	7.0	9,526	6.4
Greater London	8,618	6.2	9,564	6.4
North	4,666	3.4	4,390	2.9
North West	9,833	7.1	10,006	6.7
Outer Metropolitan Area	8,035	5.8	8,079	5.4
South East	11,847	8.5	13,392	9.0
South West	10,063	7.2	9,813	6.6
Wales	4,676	3.4	5,113	3.4
West Midlands	6,085	4.4	6,551	4.4
Yorkshire and Humberside	62,968	45.1	70,498	47.0
Total	139,209	100.0	149,623	100.0

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

	2025		2024	
	£000	%	£000	%
Not impaired				
Neither past due or impaired	134,284	96.5	144,432	96.5
Past due but not impaired	920	0.7	369	0.2
Impaired				
Not past due but impaired	1,105	0.8	974	0.7
Past due	1,734	1.2	2,975	2.0
Possessions	1,166	0.8	873	0.6
Total loans and advances to customers	139,209	100.0	149,623	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 2025			
Collective provision	41	109	150
Specific provision	555	414	969
Total	596	523	1,119
Amounts written off during the year			
Collective provision	0	0	0
Specific provision	(470)	0	(470)
Charge/(credit) for the year			
Collective provision	(23)	(36)	(59)
Specific provision	219	94	313
Total	196	58	254
At 31 December 2025			
Collective provision	18	73	91
Specific provision	304	508	812
Total	322	581	903

Comparative position at 31 December 2024	Loans fully secured on residential property £000	Other loans fully secured on land £000	Total £000
At 1 January 2024			
Collective provision	70	133	203
Specific provision	496	172	668
Total	566	305	871
Amounts written off during the year			
Collective provision	0	0	0
Specific provision	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



11. Tangible fixed assets

	Freehold buildings £000	Office furniture and computer equipment £000	Total £000
Cost			
At 1 January 2025	800	359	1,159
Additions	0	36	36
Transfers	0	0	0
Disposals	0	0	0
Revaluation	150	0	150
At 31 December 2025	950	395	1,345
Accumulated Depreciation			
At 1 January 2025	16	272	288
Charge for the year	16	38	54
Transfers	0	0	0
On disposals	0	0	0
Revaluation	(32)	0	(32)
At 31 December 2025	0	310	310
Net Book Value			
At 31 December 2025	950	85	1,035
At 31 December 2024	784	87	871

2025 2024
£000 £000

Particulars relating to revalued tangible fixed assets are given below

Freehold buildings at open market value	950	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 December 2025 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 (£658,000 at current valuation occupied by the Society (2024: £627,000)).

12. Intangible fixed assets

Purchased Software

Cost	£000
At 1 January 2025	569
Additions	0
Transfers	0
Disposals	0
At 31 December 2025	569

Accumulated Amortisation	
At 1 January 2025	569
Charge for the year	0
Transfer	0
Disposals	0
At 31 December 2025	569

Net book amount	
At 31 December 2025	0
At 31 December 2024	0

Comparative position at 31 December 2024

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

13. Prepayments and accrued income

2025 2024
£000 £000

Due within one year		
Prepayments and accrued income	779	592
Total	779	592

14. Shares	2025	2024
	£000	£000
Shares held by individuals	200,136	196,885
Shares held by others	12	10
Total	200,148	196,895

Shares are repayable from the date of the Statement of Financial Position in the ordinary course of business as follows:

Accrued interest	1,533	1,799
On demand	133,851	136,491
In not more than three months	41,187	40,689
In more than three months but not more than one year	8,354	1,487
In more than one year but not more than five years	9,857	11,378
In more than five years	5,366	5,051
Total	200,148	196,895

15. Amounts owed to other customers

	2025	2024
	£000	£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	10,421	11,843
Total	10,421	11,843

16. Other liabilities

	2025	2024
	£000	£000

Amounts falling due within one year

Corporation tax	192	126
Total	192	126

17. Accruals and deferred income

	2025	2024
	£000	£000

Amounts falling due within one year

Accruals and deferred income	235	227
Total	235	227

18. Provisions for liabilities

	Deferred tax £000	Total £000
At 1 January 2025	21	21
Adjustment in respect of prior years	0	0
(Paid)/Received in the year	0	0
Charge/(credit) to the income statement for the year	(2)	(2)
At 31 December 2024	19	19

Deferred taxation comprises:

	2025 Amount recognised £000	2024 Amount recognised £000
The deferred taxation liabilities are set out below:	£000	£000
Fixed asset timing differences	19	22
Short term timing differences	0	(1)
Total	19	21

19. Reserves

	General Reserve £000	Revaluation Reserve £000
At 1 January 2025	13,650	220
Profit for the year	570	0
Revaluation of office premises	0	182
At 31 December 2025	14,220	402

20. 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 2025	Financial assets that are debt instruments measured at amortised cost £000	Financial liabilities carried at amortised cost £000
Cash in hand and balances with the Bank of England	80,083	-
Loans and advances to credit institutions	5,437	-
Loans and advances to customers	138,303	-
Total Financial Assets	223,823	-
Shares	-	200,148
Amounts owed to other customers	-	10,421
Other liabilities	-	192
Accruals and deferred income	-	235
Total Financial Liabilities	-	210,996

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

The Society did not hold any financial assets or liabilities that qualify for measurement under the Fair Value approach as at 31 December 2025, and as at 31 December 2024.

Financial Risk Management

As highlighted by the Financial Risk Management report from page 21 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	2025		2024	
		£000	%	£000	%
AA-	Bank of England Reserve	79,988	93.5%	67,569	92.6%
Unrated	Cash in hand	95	0.1%	67	0.1%
Bank of England and Cash		80,083	93.6%	67,636	92.7%
A+	Operational accounts with Barclays Bank plc	1,116	1.3%	1,122	1.5%
A+	Operational bank accounts with NatWest Bank plc	4,321	5.1%	4,228	5.8%
Loans and advances to credit institutions		5,437	6.4%	5,350	7.3%
Total Liquid Assets		85,520	100.0%	72,986	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 21.

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

	2025	2024
	£000	£000
Cash in hand and balances with the Bank of England	80,083	67,636
Loans and advances to credit institutions	5,437	5,350
Loans and advances to customers	138,303	148,533
Off balance sheet exposures – Mortgage commitments	9,834	5,993
Total	233,657	227,512

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 is 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 has gradually reduced the weighted average LTV of its loan book, which now stands at 29.9% (2024: 31.4%). The loan book can be broken down into the following LTV bands:

LTV Ratio	2025		2024	
	£000	%	£000	%
Less than or equal to 50%	87,126	62.6	88,498	59.2
Over 50% but less than or equal to 70%	37,214	26.7	44,164	29.5
Over 70% but less than or equal to 85%	10,105	7.3	11,215	7.5
Over 85% but less than or equal to 95%	3,488	2.5	3,278	2.2
Over 95%	1,276	0.9	2,468	1.6
Total	139,209	100.0	149,623	100.0

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

At the year-end there were 14 (2024: 16) accounts where forbearance measures were currently exercised: the balance of these accounts amounted to £3.9m (2024: £4.7m), or 2.80% (2024: 3.15%) of mortgage balances. There is £561k (2024: £392k) 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 2025 was 54.9% (2024: 51.0%).



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 2025 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	85,520	0	0	0	0	85,520
Loans and Advances to Customers	120,958	355	5,254	11,736	0	138,303
Prepayments and Accrued Income	0	0	0	0	779	779
Tangible Fixed assets	0	0	0	0	1,035	1,035
Intangible Fixed assets	0	0	0	0	0	0
Total Assets	206,478	355	5,254	11,736	1,814	225,637
Liabilities						
Shares	185,865	0	7,396	5,354	1,533	200,148
Amounts owed to other customers	10,421	0	0	0	0	10,421
Other Liabilities	0	0	0	0	192	192
Accruals and deferred income	0	0	0	0	235	235
Provisions for liabilities	0	0	0	0	19	19
Revaluation Reserve	0	0	0	0	402	402
General Reserve	0	0	0	0	14,220	14,220
Total Liabilities and Equity	196,286	0	7,396	5,354	16,601	225,637
Net mismatches	10,192	355	(2,142)	6,382	(14,787)	0
Interest rate sensitivity gap	10,192	355	(2,142)	6,382	(14,787)	0
Cumulative Sensitivity gap	10,192	10,547	8,405	14,787	0	0
Sensitivity to General Reserves as a result of:						
A 2% increase in the interest rate	(24)	(2)	30	(171)	0	(167)
A 2% decrease in the interest rate	25	3	(31)	179	0	176

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 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.



Maturity Analysis

The maturity analysis of the financial liabilities of the Society at 31 December 2025 was:

	Not more than 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	More than 5 years £000	Total £000
Shares	187,398	0	7,652	5,766	0	200,816
Deposits and other borrowings	10,421	0	0	0	0	10,421
Other Liabilities	192	0	0	0	0	192
Accruals and deferred income	235	0	0	0	0	235
Total financial liabilities	198,246	0	7,652	5,766	0	211,664

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

	Not more than 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	More than 5 years £000	Total £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

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	2025 £000	2024 £000
General Reserve	20	14,220	13,650
Intangible assets	13	0	0
Revaluation reserve	20	402	220
Tier 1 capital		14,622	13,870
Collective provisions	10	91	150
Tier 2 capital		91	150
Total Regulatory Capital		14,713	14,020



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	£11.0m based on interest receivable	£0.8m	£0.12m paid in settlement of corporation tax on 2024 profits	43 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 2025 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 2025 in the Capital Requirement Directive (CRD IV) Disclosures.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)"), including ISA (UK) 800 and ISA (UK) 805, and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the country-by-country information section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Society in accordance with the ethical requirements that are relevant to our audit of the country-by-country information in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Emphasis of matter - Basis of preparation

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

Conclusions relating to going concern

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

- performing a risk assessment to identify factors that could impact the going concern basis of accounting, including the current and forecast financial performance;
- understanding and evaluating management's going concern assessment, including consideration of the impact of current economic environment;
- understanding and evaluating management's forecasts and the stress testing of liquidity and regulatory capital performed by management;
- evaluating management's ability to accurately forecast financial performance by comparing budgeted financial information with historical actual results; and
- reviewing regulatory correspondence and discussion with the Prudential Regulation Authority ("PRA") to understand their views of the Society.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from the date on which the country-by-country information is authorised for issue.

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

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

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

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

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

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

In preparing the country-by-country information, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the country-by-country information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this country-by-country information.

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

Based on our understanding of the Society/industry, we identified that the principal risks of non-compliance with laws and regulations related to the Financial Conduct Authority's ("FCA") regulations and the Prudential Regulation Authority's ("PRA") regulations, 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 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 the posting of inappropriate journal entries that could be used to manipulate financial performance and the potential for management bias in accounting estimates. Audit procedures performed included:

- Enquiries of management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulations;
- Review of internal audit findings throughout the year, in so far as these related to the country-by-country information;
- Review of correspondence with the PRA and FCA;
- Incorporation of an element of unpredictability in our testing through altering the nature, timing and/or extent of work performed;
- Challenging estimates and judgements made by management in forming significant accounting estimates; and
- Identifying and testing journals entries, in particular journal entries posted with unusual account combinations indicating a higher level of risk.

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 Society'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

24 February 2026



Annual Business Statement (unaudited)

for the year ended 31 December 2025

1. Statutory percentages	2025	Statutory Limit
	%	%
Lending limit	3.76	25.00
Funding limit	4.95	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 Statement of Financial Position plus impairment provision for loans and advances, 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 Statement of Financial Position plus impairment provision for loans and advances.

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

2. Other percentages	2025	2024
	%	%
As a percentage of shares and borrowings		
Gross capital	6.94	6.64
Free capital	6.50	6.30
Liquid assets	40.61	34.97
Profit for the year as a percentage of mean total assets	0.25	0.20
Management expenses as a percentage of mean total assets	1.74	1.83

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 2025 and 2024 total assets.

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

3. Information relating to directors

As at 31 December 2025

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 AgeUK Northamptonshire from 17/9/25	Trustee
O W Laird (5.1970)	01/01/2022	Non-Executive Director	Vanquis Bank Group Plc Vanquis Bank Limited OWL Associates Shepherds Friendly Society Paysafe UK Regulated Entities w/e from 03/02/25 Skrill Limited w/e from 03/02/25 Prepaid Services Company Limited w/e from 03/02/25	Non-executive director Non-Executive Director Non-Executive Director Non-Executive Director
R K Andrews (10.1963)	01/09/2022	Non-Executive Director	Sheeptown Brewery Limited	Executive Director
A B Meeks Chartered Director, FloD (12.1954)	01/09/2022	Non-Executive Director	None	n/a
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

Documents may be served on the above named directors at:

Ref. 'Beverley Building Society', 57 Market Place, Beverley, HU17 8AA

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.

Beverley Building Society

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The Society is a member of the Building Societies Association. It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered Number 206064.