



# ANNUAL REPORT & ACCOUNTS

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Year Ended 31 December 2024



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## Welcome from our Chair



“  
*In the face of many headwinds and uncertainties, the Society achieved a good performance in 2024, adding to its capital strength and positioning itself to move forward with the development of its systems and processes through a period of investment over the coming years.*  
”

Nationally, 2024 was a year in which pressures eased slightly for consumers with the continuation of the long and slow recovery from the Covid crisis at the start of the decade. Following a series of increases in 2022-2023, interest rates started to reduce, albeit slowly. The reduction in rates has been less dramatic than many commentators forecasted as fears about the resurgence of inflation have persisted.

Whilst the expectation is one of gradually falling interest rates in the next year or two, a wide range of issues threatens a more robust economic recovery, from geopolitical events in many areas of the world to concerns about adequately funding UK public services which remain at full stretch. In the housing market, house prices increased at a modest level throughout 2024, buoyed no doubt, by the prospect of stable or falling interest rates.

Higher interest rates in the last couple of years have brought much greater competition to the UK cash savings market, where it has become more worthwhile for savers to shop around for the best deal. This comes at a time when lenders have needed to raise deposits to repay funds effectively provided on advantageous terms by Bank of England schemes; these schemes were designed to encourage the continuation of lending at points in the economic cycle where lenders may have otherwise chosen to restrict lending. These schemes come to a close in 2025 and the need to replenish these funds has contributed to increased competition for savings from consumers in 2023 and 2024.

The mortgage market remains perennially competitive, and the Society continues to develop a place in that market where it attracts applications from borrowers who are good credit prospects but whose needs are less well served, for one reason or another, by the high-volume systems-driven market leaders. The Society's recent move back into offering advice to customers who might wish to approach the Society directly, rather than through a broker, has helped many customers to obtain further advances and to discuss their mortgage needs in person with our lending team. The wider economic backdrop has made for a more challenging period for arrears management than in previous years, but we continue to support our members through our very tailored approach to borrowers facing payment difficulties.

Both the savings and lending markets remain challenging and competitive and to survive and thrive, the Society must continually invest in the development of its systems and processes to stay relevant and responsive to its customers. In the next three years the Society will be substantially upgrading its IT and operational systems to ensure that it can meet the product and service needs of customers well into the future. However, whilst increased automation will make us more efficient and better able to respond to certain customer needs, we are determined to upgrade our processes in such a way that we retain the human touch. We know from talking to our members how important it is that they can talk to, and be helped by a real person. We care passionately about serving our members at a personal level and the values of our business are aligned to that goal.

Of course, a fundamental requirement of any strong and healthy building society is to be profitable and to provide security for members' savings. Interest rate decisions have to be made by the Society in that context and careful judgment is always needed to balance the interests of savers and borrowers as fairly as possible over the medium and longer term. This is a complex task, and a range of factors have to be considered in making decisions regarding rates, including market conditions, the varying demand for fixed-rate mortgages and savings accounts and compliance with a large body of regulation to which our industry is subject to.

I am indebted to the Society's management and my Board colleagues for the thoughtful way that they work together in the best interests of our members. At the end of April 2025 our longest serving Board member, Eric Leenders, will be retiring from the Board. Eric has served as Board Vice Chair and Chair of the Society's Risk Committee for many years and has been a great supporter of the Society and a wise counsel. In recent years he has championed the Society's members through his oversight of the "Consumer Duty" programme in which management has reviewed all the Society's business processes and practices to ensure that they treat customers fairly and respectfully. I have greatly valued Eric's contribution and his input around the Board table will be missed.

Members may also wish to note that our former Chair, Robin Bailey passed away in 2024. He was a passionate advocate for the Society and its philosophy of "Doing the Right Thing". Robin served the Society with distinction as Chair from 2013 to 2019.

In delivering a solid set of results for 2024, I would once again like to pay tribute to the hard work of our colleagues in the business and of course, to the continuing support of our members.

**Dick Jenkins**  
Chair

## 2024 Performance Headlines



**£287m**  
Total mortgage  
balances  
(2023: £298m)



**£318m**  
Total savings  
balances  
(2023: £324m)



**11,197**  
Total number  
of members  
(2023: 11,759)



**90.6%**  
Member  
service  
(2023: 93.8%)



**23.5%**  
Capital  
(2023: 22.1%)



**£0.9m**  
Profit  
before tax  
(2023: £1.3m)

# Update from our CEO



“  
*In the context of persistent macro-economic challenges, I am pleased that our Society was able to strengthen its capital base and maintain its investment for the long-term.*  
 ”

We've become acclimatised to operating against a backdrop of uncertainty over recent years. While 2024 saw the welcome reduction in inflation, following its peak in 2023, various factors both national and international, continue to drive challenges in the trading environment: lingering inflationary pressures; sluggish growth and elevated competition in savings and mortgages. Against that challenging backdrop, the Society's performance was resilient, as it adjusts its stance to invest in the technologies and processes that will enhance member products and services over the coming years.

## Performance Headlines

Notwithstanding strengthened momentum across the business in the second half, 2024 was a year of consolidation given the priority that the Society placed on accelerating the repayment of its term-funding (TFSME) to the Bank of England, ahead of the 2025 deadline.

Advancing that repayment schedule and preserving strength in our liquidity position, our mortgage lending was moderated (£39m vs £59m in 2023) and total assets at year-end eased marginally to £361m (-5% on 2023).

The Society's net interest margin reduced to 1.80% (from 1.98% in 2023), reflecting the higher cost of funds to sustain our lending pipeline, advance our TFSME repayment, and our constant aim to balance the needs of both our savings and mortgages members through rate changes. The Society's net interest income closed at £6.7m (-8% on 2023). Continued inflationary pressures and targeted investments in technology required careful management of Society costs to £6.2m (+7%). Our arrears position remained stable year on year, and given the broader pressures on households, remains an area in which we continue to channel our member support. Loss provisions decreased slightly (£284k vs £335k in 2023), a reflection of the increase in house prices and a modest reduction in the size of the loan book.

Profit before tax was £0.9m (£1.3m in 2023), the reduction reflecting margin pressures and targeted investment in technology and new capabilities. We anticipate similar profit levels through the next 2-year period of long-term investment. The Society's capital position strengthened to £30.2m (+2.2% on 2023) and continues to represent a very strong Core Equity Tier 1 capital ratio of 23.5%, well in excess of our regulatory capital requirement.

## Strategic Progress

As a mutually owned Society, able to take a longer-term view, I'm pleased that the Society was able to maintain progress across all its five strategic priorities:



PURPOSE

**Funding:** Repayment of Bank of England TFSME advanced  
**Risk & Assurance:** Operational risk & cyber security strengthened  
**Technology:** Long-term investment programme scoped  
**Consumer Duty:** Regulatory deliverables completed

ENDURING



SAVINGS

**Digital Onboarding:** Enhancements to new member applications  
**Digital Retentions:** New online retentions for bond maturities  
**Digital Services:** Member payment protections introduced  
**Communications:** Complete audit of member contact preferences

CRAFTED



LENDING

**Digital Services:** Enhanced online service for brokers  
**Recognition:** Nominated in 5 categories across industry awards  
**Broker Satisfaction:** 4-star rating secured for 2024  
**Support:** Enhanced support for members in arrears

EMPOWERED



COLLEAGUES

**Wellbeing:** Expanded well-being offering for colleagues  
**Inclusion & Diversity:** Strategy defined & actions commenced  
**Engagement:** Colleague forum (Bucks Voice) re-invigorated  
**Colleague Survey:** Excellent engagement & strong scores

GREATER



GOOD

**Sponsorship:** Sponsor of Buckinghamshire Business First Award  
**Partnership:** 'Member led' Bucks Purpose Fund awarded  
**Support:** New 'colleague led' Bucks Community Fund launched  
**Climate:** Scope 1 & 2 year on year emissions reduced by 15.6%

The last few years have underlined for everyone the pace at which the world is changing. The Society's annual strategic review considered how it needs to evolve in order to keep meeting the needs of our members sustainably and over the long-term. The groundwork was laid in 2024 but, in 2025, we will advance our **Fit For Future** programme – a multi-year co-ordination of investment and change to invigorate our products and services to underpin our next phase of growth sustainably.

## Outlook

The market outlook remains uncertain in the short-term, but our longer-term mission is clear. We feel energised by the plans that we have set to bring together technology, our processes and our people to significantly strengthen our member proposition



The last few years have demonstrated the Society's resilience against the backdrop of challenging market conditions. We now channel the same resilience and energy into advancing our technology, products and services – that will serve our members through our next phase of growth.

I would like to thank the Board and all my colleagues for their hard work and commitment and you, our members, for your continued support.

**Dan Wass**  
 Chief Executive Officer

# Directors' Report (including Strategic Overview and Risks)

The Directors have the pleasure in presenting the Directors' Report for the year ended 31 December 2024. The Report includes a review of the Society's activities and performance in 2024, the principal risks and uncertainties we face and our plans for the future.

**Our Purpose** is as relevant today as it was when we were founded in 1907:

*...to help people achieve financial security, provide a safe home for savings and enable home ownership.*

**Our Vision** is rooted in that purpose:

*To be the best small building society, endorsed by a thriving membership both locally and nationally - committed to helping members achieve financial security and home ownership.*

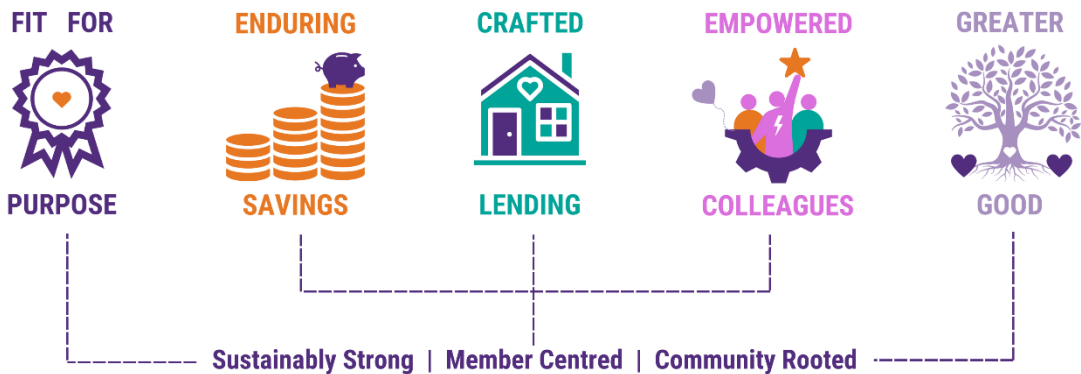
**Our Values** represent what the Society stands for:



**Our Strategy** remains sustainable growth:

*The world is changing at pace. Our path to long-term sustainability is defined by how we establish a sharpness to our proposition in the marketplace and embrace technologies that complement our human-touch approach to member services.*

**Our Five Strategic Priorities** for the long-term:



**Our performance** in 2024 has been resilient, given the macro-economic uncertainty:

As important as our in-year results, is the progress that the Society has made across its strategy priorities – investing in capabilities and enhancing our member proposition for the long-term:

**FIT FOR**



**PURPOSE**

The Society accelerated the repayment of its term-funding (TFSME) to the Bank of England through 2024, well ahead of the 2025 deadline. While this commitment required careful management, the progress made (63% of original drawdown repaid) means that the Society is well-placed to re-energise its plans for growth over the next period. The world never stands still, and the Society recognises that continued investment in technology is essential for the delivery of our strategy and to maintain our operational resilience – investing further in our systems and cyber security in 2024.

**ENDURING**



**SAVINGS**

Providing a safe home for our members' savings is central to our purpose and nurturing growth in our membership through lasting savings relationships is a key priority. Following the launch of our new digital onboarding journey for savings accounts, further process enhancements were introduced in 2024, including the launch of a new digital journey for savings members reaching the end of their bond term. The Society also introduced enhanced payment processing technologies, in line with regulatory requirements.

**CRAFTED**



**LENDING**

Bringing together the best of our capabilities to craft lending solutions is how we seek to support our members' homeownership dreams. We significantly enhanced our digital services for brokers submitting new loan applications to the Society and our intermediary partners continue to rate us 4 star for satisfaction. Recognising the ongoing pressures on households through this period of economic challenge, we were pleased to review our support model for members experiencing financial difficulty - our tailored approach allowing us to align our range of skills and support tools with unique member circumstances.

**EMPOWERED**



**COLLEAGUES**

Our colleagues sit at the heart of what makes your Society unique, which is why we have prioritised making the Society an exceptional place to work – with a particular focus on engagement, development, and well-being of our colleagues. We were delighted to have achieved 100% response rate from our annual colleague survey – with particularly strong (positive) scores for: Strategy & Purpose, Well-being, and Inclusion & Diversity. More than 20% of the Society's colleagues benefitted from the support of sponsored professional qualifications in 2024.

**GREATER**



**GOOD**

We were founded in Buckinghamshire in 1907 and are proud that our mutual model enables us to preserve our long-lasting support for the community in which we are rooted. We continue to support and engage in a number of events in and around Chalfont St Giles and Buckinghamshire. Our members voted to award £5k to Age UK Buckinghamshire in 2024 to support their exceptional care in the local area. Partnering with Heart of Bucks we launched a new community award in 2024, the first recipient of which was Brighter Futures Together CIC. We were proud sponsors of the Buckinghamshire Business First Awards in the *Excellence in Customer Experience* category.

**Our Membership** stands at 11,197 members at the end of 2024:

Our members continue to support us and engage with us through a number of channels. Following our member survey last year, the overall member satisfaction rating was 90.6% (a slight reduction on 93.8% in 2023). We received a very low level of complaints in 2024 and none of the complaints were referred to the Financial Ombudsman Service.

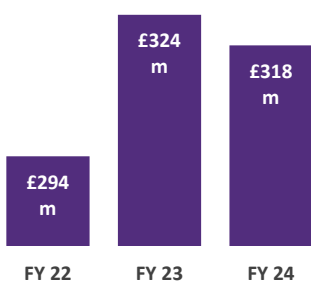
## 2024 Performance

The headlines of our performance against key financial performance indicators considered critical to our success are outlined below:

### Savings

Providing value to our members remains at the core of our savings strategy. We are proud of how we have been able to support the interests of our members by passing on increases in savings rates whenever possible.

#### Share and deposit balances:



Savings decreased by 2% to £318m (2023: £324m) broadly in line with the contraction in the mortgage book.

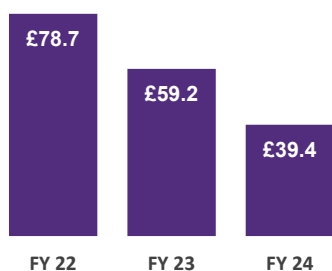
As the Society's mortgage pipeline grows, there is an ongoing requirement for stable and consistent level of savings inflows.

Competition for retail deposits in the wider market has kept savings rates high, despite the 0.75% cumulative reduction in base rate from its peak. This has contributed to a reduction in net interest margin during the year.

### Lending

Gross mortgage lending is the amount of new loans that we make to members each year. We support a diverse range of members including first-time buyers, self-builds, buy-to-let investors, shared ownership and retirement, as well as individuals with non-standard income or minor adverse credit histories.

#### Total new mortgage lending:



Gross lending to members in 2024 totalled £39m, a reduction of 33% on the previous year (2023: £59m). Our lending appetite was tempered in 2024 as we prioritised the repayment of our Bank of England funding (TFSME) while continuing to assist members with our range of specialist products and our unique service model.

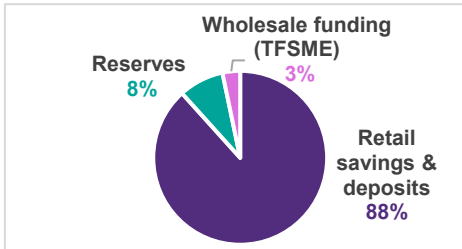
Repayments and redemptions increased from the previous year to £52m in 2024 (2023: £39m) as intense competition in the mortgage market led to lower overall retention levels.

Together, these movements resulted in the mortgage book decreasing by £11m to £287m at the year-end (£298m in 2023).

## Liquidity

Our liquidity ratio measures liquid assets held in the form of cash and investments as a percentage of shares and borrowings. It is a key measure of the Society's ability to meet its financial commitments as they fall due.

### Funding sources:



Our liquidity ratio at the end of the year was 21.31% (22.45% in 2023). Liquidity requirements are reviewed by the Board on an ongoing basis and annually as part of the Society's Individual Liquidity Adequacy Assessment Process (ILAAP).

Our balance sheet is predominantly funded by retail savings and deposits. The Society also holds £11.6m of wholesale funding in the form of base rate funding from the Bank of England's Term Funding Scheme with Additional Incentives for Small to Mid-size Enterprises (TFSME), (£26m at the end of 2023).

Our strong liquidity position allows us to meet our financial commitments whilst building a pipeline of mortgage assets in line with our strategy. It will also allow us to undertake a phased repayment of our remaining TFSME funding during 2025.

## Capital

Capital is a key measure of financial strength, representing the Society's ability to absorb financial stresses and protect members' interests.

The Society's gross capital ratio stands at 9.2% (2023: 8.4%). Free capital is 8.7% (8.0% in 2023).

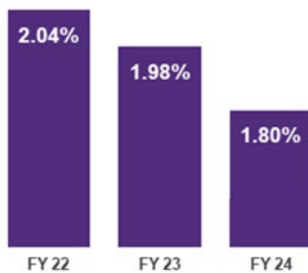
Over 98% of capital consists of retained earnings accumulated over many years. This is classified as 'Tier 1 Capital' and is considered the highest quality of capital by our regulators. The remainder of the balance comprises a revaluation reserve and collective loan loss provisions.

The Society's Core Equity Tier 1 ratio (CET1) was 23.5% at 31 December 2024 (22.1% in 2023), which exceeds the regulatory requirement.

## Net interest income

Net interest income is the difference between the interest received on mortgages and liquidity and the interest paid on deposits and other funding. The Board manages the net interest income margins by balancing the risks and reward of funding and mortgage rates whilst remaining competitive and providing value for money to our members.

### Net interest margin:



We generated £7.0m total net income in 2024, a 4% decrease on 2023. Total income comprises of net interest income and other items such as net fees, commissions and other operating income.

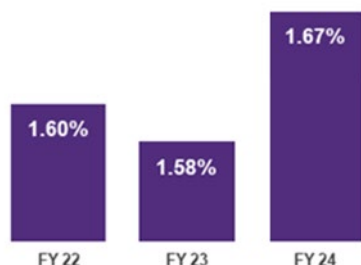
The decrease in total net income was driven by the sustained elevated cost of funds, which increases our interest payable, relative to the level of interest we charge on our mortgages.

As a result the net interest margin, which expresses net interest income as a percentage of the average of total assets, decreased from 1.98% to 1.80% in 2024, reflecting our continued efforts to fairly reward both our mortgage and savings members with competitive rates of interest.

## Management expenses

The management expense ratio is a key measure of the efficiency of our cost base, calculating management expenses as a proportion of mean total assets.

### Management expense ratio:



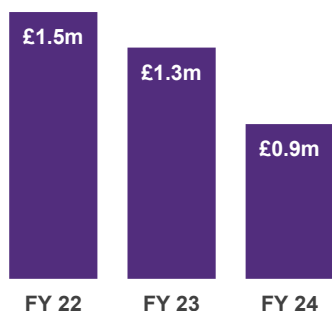
In 2024, our management expense ratio increased from the previous year, 1.67% (2023: 1.58%). We incurred expenses of £6.2m (2023: £5.8m) primarily on payroll, systems and technology, as well as other costs necessary to run the business. Our cost income ratio increased to 88.2% in 2024 (2023: 79.9%), as the effects of lower revenues and higher costs combine.

In 2024, we continued to invest in our colleagues, adding experienced hires to increase operational resilience and reduce key person risk. While inflationary pressures have eased, there was still a significant impact on both staff and technology costs during the year.

## Profitability

Our strategy is to generate profits that allow us to maintain our capital strength whilst also delivering value to our members by providing competitive mortgages and savings products.

### Profit before tax (PBT):



In 2024, the Society achieved a profit before tax of £0.9m (2023: £1.3m). Lower net interest margins and an increase in costs contributed to the year-on-year reduction.

Profit after tax as a mean percentage of total assets decreased to 0.17% in 2024 (2023: 0.27%).

This profit supports our strategy of investing in improved technology, products and services for our members and in pursuit of future growth whilst allowing the Society to support the local community.

The mortgage book remains of high quality, with an overall indexed loan-to-value of 53% and around 13% of balances with an indexed loan to value of 80% or more. Owner Occupied (78%), Buy to Let Investors (21%) and Commercial (1%) made up our Mortgage Book in 2024.

All loans are individually underwritten by a team of experienced underwriters, who adhere to a lending policy agreed by the Board. Responsible lending and affordability are the key criteria when making a lending decision.

The Board understands that the personal and financial circumstances of our borrowers can change over time. When this happens, our borrowers benefit from our policy to exercise as much forbearance as is reasonably possible.

Loan impairment provisions have decreased slightly to 0.10% of total mortgages in 2024 (2023: 0.11%) reflecting the increase in house price values through 2024. This percentage remains low compared to our peers and the industry average.

## Future Outlook

Both national and international factors present continued uncertainty in the macro-economic outlook, but our purpose, vision and strategy remain constant.

The Society's annual strategy review considered how it needs to evolve and invest in its technology, processes and people in order to keep meeting the needs of our members sustainably and over the long-term. The groundwork was laid in 2024 but in 2025 we will advance our strategic priorities through our **Fit For Future** programme – a multi-year transformation programme of co-ordination of investment and change to invigorate our products and services, and underpin our next phase of growth sustainably:

### FIT FOR



### PURPOSE

### ENDURING



### SAVINGS

### CRAFTED



### LENDING

### EMPOWERED



### COLLEAGUES

### GREATER



### GOOD

- Complete repayment of TFSME
- Advance our IT investment roadmap to support & enable our longer-term growth ambitions
- Extend our digital onboarding capabilities across our savings product range
- Streamline processes to enhance member experiences for most popular services
- Enhance the loan origination journey (for brokers and members) with new tools and streamlined processes
- Design and launch new mortgage solutions, in response to clear need and aligned to our lending expertise
- Launch new Society-wide colleague recognition programme
- Commence the new Society Essential Skills programme, to strengthen colleague personal development
- Launch our new local member proposition
- Extend our community partnership model to increase our community support and impact

We are excited about the plans that we have for the next period to broaden our capabilities, to enhance our products and services; and to amplify the positive impact that we have on the people we serve. Whether you are a member, colleague, intermediary partner or our local community – we like to call this



## Principal Risks and Uncertainties

The Board has overall responsibility for risk management and ensures that the Society's policies, procedures, and conduct are consistent with its risk appetite, business strategy and objectives. The Board and Risk Committee establish the risk management framework, oversee risk management and ensure a strong culture of risk awareness and ownership.

The principal categories of risk to which the Society's business is exposed, together with how they are managed, are set out below:

### Strategic Risk

**Strategic Risk covers the risk and uncertainty that threatens the execution of the Society strategy.**

#### Management & Mitigation

The Board approves the strategic direction of the Society, regularly discusses strategic issues and makes decisions aimed at delivering that strategy with long-term sustainability, capital and liquidity strength, financial and operational resilience in mind. External indicators around operating environment and macroeconomy are regularly considered through the lens of the annually defined strategic objectives to identify threats to their delivery.

#### 2024 risk status

The Society redefines its strategic priorities each year, and during 2024 there was further focus on widening our digital solutions for savings members, evolving our mortgage service proposition for members and brokers, and embedding the refreshed colleague values. The Board and Risk Committee monitored the risk profile of these changes throughout the year, providing oversight and recommendations to ensure a risk-managed implementation.

## Horizon risks

The 2025 horizon sees the formal launch of the multi-year business transformation project (including core banking systems), which will drive the continued evolution of the member proposition to ensure the Society is excellently placed to meet the needs of members, today and into the future. A material change project presents a range of uncertainty, and the Society has taken a range of mitigating actions in preparation. The formation of a Society Transformation Committee will oversee the project, including monitoring the status against the project specific risk assessment to ensure risk-agile change disciplines are a fundamental part of the programme. This Committee will include a Non-Executive Director and Internal Audit attendance to facilitate independent challenge and provide assurance to the Board on project risks and performance versus objectives on an active basis.

## Business Risk (including capital)

**Business Risk includes the risk of the Society failing to achieve sufficient long-term profitability to maintain sustainable capital adequacy.**

## Management & Mitigation

External macroeconomic and regulatory matters are carefully considered, together with a range of key risk indicators designed to manage the risk profile of the business. The Society conducts an annual assessment of capital adequacy to determine the level of capital required to support current and future risks, including any changes in business volumes, mix of assets, all assessed across multiple stress scenarios. This assessment is approved by the Board and monitored quarterly. The assessment is utilised by the regulators to set the Society's overall capital requirement. At the present time, and over the planning horizon, the Society has capital that significantly exceeds the regulatory requirements.

## 2024 risk status

The mortgage and savings market activity improved towards historical norms in the second half of 2024 but remained challenging in the first half of the year. As inflationary pressures reduced through the year, interest rates began to stabilise ending with two small reductions in bank base rate in second half of 2024. We responded to market pressures and opportunities, delivering for under-served markets and optimising the mix of business on both sides of the balance sheet. We maintained our focus on service and delivery of good outcomes to our members and continued to invest in the business.

## Horizon risks

In 2025, despite improvement in sentiment for some parts of the UK economy, we expect macroeconomic uncertainty to continue to impact affordability and market sentiment, but we will continue to strive to deliver housing and savings solutions to under-served markets, whilst maintaining prudential strength.

## Liquidity, Funding and Interest Rate Risk

**Liquidity, Funding and Interest Rate Risk covers the risks that the Society has insufficient liquid assets to meet its obligations and the risk that assets and liabilities re-price at different times and / or on different bases, adversely affecting the net interest margin.**

## Management & Mitigation

These risks are managed through approved limits within the Financial Risk Management Policy, by matching the re-pricing dates of assets and liabilities and by using derivative financial instruments to hedge interest rate risk. Specific interest rate gap and liquidity limits are monitored daily by the Finance Team and reported to the Board ALCO via MALCO.

## 2024 risk status

Interest rate risk and liquidity risk were managed well within risk appetites. The Society delivered on its repay-by-installment plan for TFSME across 2024, remaining fully on track for full repayment, due in 2025. Liquidity levels were therefore maintained at a relatively high level through 2024. We managed a number of retail bond maturities during 2024, introducing new digital channel options to members when offering retention products, with positive outcomes from both a liquidity and member perspective despite the volatile market conditions and competitive operating environment.

## Horizon risks

Despite some consensus around interest rates falling modestly in 2025, there is still some residual uncertainty in the economic conditions that could influence liquidity and funding risk. The priorities and risks remain consistent with the finalisation of the TFSME repayment plan still high on the list. The established risk managed framework will continue to monitor the landscape to ensure we operate within that defined risk appetite.

## Credit Risk

**Credit Risk includes the losses that arise because of the Society's borrowers or treasury counterparties failing to meet their obligations to repay.**

### Management & Mitigation

All mortgage applications are individually underwritten under the Lending Policy, which is reviewed by the Risk Committee and approved by the Board. Underwriting mandates are controlled to ensure that only those with suitable expertise can commit the Society to lend. All cases are analysed by Credit Committee, chaired by the Chief Risk Officer. Deep dive reviews are conducted on individual cases on a sample basis; quality assurance is conducted by the Risk and Compliance team on completions each quarter; wider evaluations are delivered on topical credit themes; all to provide an active feedback loop to underwriting quality and policy.

### 2024 risk status

We have sustained our continuous improvement approach to portfolio management information to aid understanding of future risks in the context of the expected macroeconomic environment, embedding the early warning dashboard that takes external and internal information feeds to scan for emerging credit risk. If the personal circumstances of borrower's change, the Society applies our Arrears and Forbearance Policy to work proactively with borrowers to seek arrangements to enable them to resolve their difficulties. The lagged influence of inflation and the interest rate environment continued the rise in arrears in the early part of 2024, this stabilised and reduced in the second half of the year. The Society holds a similar proportion of impairment loss provisions against its mortgage assets year on year, meaning our exposure to potential mortgage losses has not increased, and is generally low versus peers.

### Horizon risks

In 2025 we expect to continue to support borrowers experiencing financial difficulties, and whilst uncertainty remains, there is a more stable outlook than 2024. The processes and resources to manage potential arrears and provide support to members has evolved further and will continue to be monitored via Credit Committee and Risk Committee. We remain firm in our commitment to lend to under-served parts of the market, in tandem with specialist risk management capability. The Board has set a risk appetite designed to minimise losses by targeting a balanced portfolio of assets that match the expertise and experience of underwriters.

## Operational Risk (including conduct and regulatory risk)

**Operational Risk includes the loss or negative impact to the Society or adverse outcomes to our members, resulting from inadequate or failed processes, systems or controls; from external events; or human conduct or error.**

### Management & Mitigation

The principal operational risks at the current time relate to cyber security, financial crime and how our colleagues interact with our customers throughout the product lifecycle. The Risk Committee considers a range of metrics and reports from the management to ensure that the Society continues to operate within a robust control framework that maintains operational resilience and protects members and colleagues.

### 2024 risk status

During 2024, we delivered Consumer Duty, providing a full report to Board on implementation, enhanced our self-assessment of operational resilience, reviewed all our core third-party relationships and embedded new management information in relation to both IT and People risks. These risks and reports are overseen by the Operational Risk Committee ("ORC") which was embedded across the year, evolving the maturity of our risk management framework. Independent assurance over our cyber risk management was obtained in 2024 via an internal audit review and a regulatory cyber questionnaire where we performed well versus peer group.

### Horizon risks

The 2025 horizon, through the oversight of ORC and the Risk Committee, sees us focussing on the operational risks associated with the transformation programme in conjunction with delivery of the day-to-day operations in serving our members, delivering on a key regulatory milestone around operational resilience (proving we can operate our important services within an acceptable tolerance if things go wrong), ongoing vigilant monitoring of cyber risks and continuing to invest in our colleagues and their capabilities.

## Climate Change Risk

Climate Change Risk cuts across several different risk categories such as credit, reputational and operational risks.

As the Society is not listed on a Stock Exchange, we are not obliged to meet the requirements of the Taskforce on Climate Related Financial Disclosures (TCFD). However, the Board recognises it is important that we play our part in tackling climate change and so have chosen to provide proportionate disclosures with the principles of those standards in mind.

### Strategy:

Our strategic consideration of climate change, documented in our Climate Change Strategy, is aligned to our broader Society Strategy. We channel our energy to three specific commitments:

**Sustainably Strong** - Continuously evolve and improve the way we assess and mitigate climate risks, building environmental resilience into our business.

**Member Centred** - Provide options and tools to help members play their part in reducing climate impact e.g. through home improvements.

**Community Rooted** - Understand our carbon footprint, actively reduce emissions and minimise wastage, to reduce our environmental impact.

Our Risk and Control Register and financial risk reporting considers all material risks arising from climate change. Rising global temperatures are expected to create more extreme weather conditions, causing damage to property. Transitional risks may arise from changing laws or regulations, housing demand and sentiment, and/or borrower behaviour and expectations around energy efficiency. Therefore, credit risk can manifest as the outcome risk due to the potential reducing value and saleability of properties taken as security for mortgages; reputational risks primarily relating to how we compare with other similar firms; and operational risks relating to our own security, life of our assets, resilience, continuity, costs and impact on the environment. There are also a range of opportunities to support the changing needs of our members that we target through our Climate Change Strategy, particularly in relation to borrowers that need support to improve their homes.

To assess the resilience of our strategy we have partnered with third-party experts to obtain data in relation to physical and transitional risks in our mortgage book. The data focusses on flood, subsidence, coastal erosion and energy efficiency. We carried out our own analysis of climate change risk in our Internal Capital Adequacy Assessment Process (ICAAP), utilising the granular property risk data, our own Probabilities of Default and severe stress tests. This concluded that £256k of capital allocation for climate change risk (0.9% of reserves) was required. This amount remained static in 2024. A degree of climate change risk is already accounted for in the Society's business as usual models and calculations.

### Climate Change Governance:

The Board has overall responsibility for oversight of climate risk and opportunities, with the support of Risk Committee, which receives quarterly updates from the Operational Risk Committee in relation to climate change. The Board approves the annual Climate Change Strategy, which is aligned to the overall business strategy and determines areas for investment and management focus. The management's role in assessing and managing climate related risks and opportunities is led by the Environment, Social and Governance ("ESG") Forum which reports into the Operational Risk Committee.

### Risk Management:

We have integrated climate change risk management into the wider framework facilitating three lines of defence, where a 2022 Internal Audit review assessed our approach to climate change risk management and were able to provide independent assurance. Furthermore, the Risk and Compliance team conducted an assurance review of our climate change related metrics and reporting in 2024.

We have embedded climate change risk management within the way we underwrite new mortgages, with a particular focus on valuation reports, EPC certificates and buildings insurance. In terms of our back book, the scenario analysis described above is critical in assessing the level of risk we are exposed to whilst helping to identify opportunities to support our borrowing members via further advances to help improve the energy efficiency of their properties.

### 2024 risk status

During 2024 we reduced our Scope 1 and 2 emissions by 15.6% year on year. This was underpinned by the work done in 2023 where we upgraded our head office lighting to improve efficiency and reduce carbon footprint. This improved the EPC rating for our building from a D to a B. Furthermore, we ran a contact preference update programme for our members with the intent to get us closer to members more quickly whilst reducing paper and postal service usage.

Our periodic desk-based business continuity testing has included climate change scenarios, which provided assurance that we could continue to offer important business services within impact tolerances (in other words, we have plans in place to serve our members if there was, for example, a flood event that impacted access to our branch and head office).

### Metrics

There are a range of metrics that we currently use to assess climate change risks and opportunities, including:

- Capital required for physical and transitional climate risks.
- EPC profile on new mortgaged properties and existing mortgaged properties.
- Profile of securities insurable on normal terms.
- Head office emissions.

### Horizon risks

We have set out the following priority actions for 2025 to continuously improve our approach:

- Continue transition towards TCFD aligned climate change disclosures.

- Revise Climate Change Strategy each year to remain fresh and aligned to overall Society Strategy.
- Design products for mortgages, further advances, retention products and savings products that give members options and support them with their energy efficiency needs or that align with their investment preferences.
- Continue to increase digital comms and reduce our paper and postal usage where it aligns with members preferences
- Investigate local ESG initiatives to make a difference in our community.

## Governance

### Board

Good governance is key for a successful and sustainable organisation. We have an experienced and diverse Board with a strong balance of skills, experience and knowledge. The Board is supported by the Audit Committee, Risk Committee, Assets and Liabilities Committee, Nomination Committee and Remuneration Committee with clearly defined roles and responsibilities. The Board and the Committees provide an effective governance structure under the scope of and in compliance with the 2018 UK Corporate Governance Code, further details on which are included on pages 19 to 26.

Information on the Board of Directors is on pages 16 to 18.

Eric Leenders will be retiring after serving eleven years on the Board of the Society. The Board would like to extend their sincere gratitude to Eric for his significant contribution to the Board and the Society over the years.

The Society's Rules require that Directors must periodically stand for re-election. Chris Potter and Dick Jenkins will be retiring by rotation this year and standing for re-election.

### Going concern statement

As at the end of 2024 the Society had met its liquidity requirements, held a liquidity buffer and the overall level of capital is considered adequate. Both the liquidity and capital positions have been stress tested against a significant worsening of economic conditions. The stress tests were performed as part of the internal assessment of adequacy of capital and liquidity. The key elements assessed by the Directors in the stress testing include a material decline in house prices, rising arrears and default rates, availability and cost of funding sources and declining margins from interest rates at continuing low levels. These scenarios show the Society maintains a capital surplus above regulatory requirements over a five-year planning horizon and maintains sufficient liquidity to manage a stress scenario over a twelve-month period. Having considered the above, the Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future and that there are no material uncertainties that lead to doubt on the Society's ability to continue in business. For this reason, the accounts continue to be prepared on a going concern basis.

### Post-balance sheet events

The Directors do not consider that any event since the year end has had a material effect on the position of the Society.

### Land and buildings

The Directors consider that the overall recoverable amount of the land and buildings held by the Society is in excess of the book value recognised within the Society's Balance Sheet.

### Supplier statement policy

The Society's policy concerning the payment of its trade creditors for the next financial year is to pay in accordance with agreed terms where invoices are submitted for products or services which have conformed to requirements specified by the Society.

### Charitable and Political Donations

Charitable donations during the year amounted to £25k (2023: £19k). The charitable contribution based on the number of member votes received online at the 2024 Annual General Meeting, rounded off by the Society to £500 (2023: £500) was donated to the Chiltern Foodbank. The Directors confirm that no activities have been carried out during the year, which are outside the powers of the Society. No political donations have been made during 2024 (2023: Nil) which require disclosure under the Act.

### Regulation

The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

### Auditors

At the AGM held on 18 April 2024, Forvis Mazars LLP was re-appointed as External Auditor to the Society. Forvis Mazars LLP has expressed its willingness to continue in office in accordance with Section 77 of the Building Societies Act 1986. A resolution for re-appointment of Forvis Mazars LLP as Auditor is proposed at the AGM on 24 April 2025.

### Each of the persons who is a Director at the date of approval of this report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Society's Auditor is unaware;
- And the Director has taken all the steps that should be taken by a director in order to be aware of any relevant audit information and to establish that the Society's Auditor is aware of that information.

**Dick Jenkins, Chair**

**5 March 2025**

## Board of Directors

### Richard David Jenkins | CHAIR



**Dick Jenkins** joined the Board in April 2018 and was appointed as the Chair of the Board in October 2019.

Following an early career in market research Dick has spent much of his career in the Building Society sector with the Bristol and West Building Society and from 2003 to 2018 as Chief Executive of the Bath Building Society. Dick also held the position of the Chair of the Building Societies Association from 2015 to 2017.

Dick studied geography at Cambridge University and is an enthusiastic gardener, golfer, and musician.

**Chair**  
Board  
Nomination  
Committee

**Member**  
Assets & Liabilities  
Committee  
Remuneration Committee

### Eric John Leenders | VICE-CHAIR



**Eric Leenders** joined the Board in April 2014 and has been the Vice-Chair since May 2021.

Eric is a career banker with over thirty years of experience in retail banking and is currently the Managing Director, Personal Finance and Prudential, Reporting and Taxation at UK Finance. He is also a non-executive director at Registry Trust Limited.

He is professionally qualified as a chartered banker, holding an MSc in Banking Practice and Management and is a fellow of the London Institute of Banking and Finance and the Chartered Banker Institute. He is also a member of the Institute of Credit Management and the Worshipful Company of International Bankers and holds a post-graduate diploma in public relations.

*Eric is retiring from the Board in April 2025.*

**Vice Chair**  
Board

**Member**  
Risk Committee  
Nomination Committee

### Joanne Frances Carter | NON-EXECUTIVE DIRECTOR



**Jo Carter** joined the Board in October 2022 and was appointed as the Chair of the Remuneration Committee in June 2024.

Jo has experience at both Non-Executive Director and Executive Director levels across FTSE100 companies, private and public sectors, mutual organisations and not-for-profits. She has a strong track record of driving change across organisations in both established enterprises and start-ups. Jo coaches and mentors individuals and teams at all levels in their career ranging from postgraduate to Non-Executive Directors.

Jo is a member of the Nominations Committee for St Paul's Cathedral. Her pro bono work extends to mentoring CEOs of UK charities and entrepreneurs who are starting up their businesses.

Amongst her spare time activities, Jo supports the work of the West Kent Lord's Taverners and pursues her interest in the creation of abstract art.

**Chair**  
Remuneration  
Committee

**Member**  
Audit Committee  
Assets & Liabilities  
Committee  
Nomination Committee

## Board of Directors continued

### Andrew Spencer Lucas | SENIOR INDEPENDENT DIRECTOR



**Senior Independent Director**

**Member**  
Risk Committee  
Assets & Liabilities Committee  
Nomination Committee  
Remuneration Committee

**Andy Lucas** joined the Board in May 2021 and was appointed as the Senior Independent Director in August 2023.

Andy started his career in marketing and sales, with much of his experience centred on financial services, particularly savings & investments, mortgages and insurance. He has managed eCommerce developments and technology operations. After senior roles at Prudential and ACE Insurance Group, Andy became a Director and Chief Operating Officer at Cambridge Building Society, where he worked for over 9 years.

Andy is a member of The Chartered Institute of Marketing and is also a non-executive director of Cirencester Friendly Society and First Conference Estate Ltd, a Trustee of YMCA Trinity Group and Chair of The Christian Conference Trust.

Away from work he likes to travel, being a keen walker and photographer, or relax in the kitchen tackling a new recipe!

### Christopher William Potter | NON-EXECUTIVE DIRECTOR



**Chair Audit Committee**

**Member**  
Risk Committee  
Nomination Committee

**Chris Potter** joined the Board in January 2022 and was appointed as the Chair of the Audit Committee in July 2022.

Chris spent 35 years working for PwC, since 1999 as a partner in the UK audit practice, where his clients included major financial services providers. He specialises in managing technology risk, cyber security, audit of internal control and digital transformation.

Chris is a qualified accountant, CISA and member of the Chartered Institute of Information Security Professionals. Since 2019 he has been a trustee and the Chair of the Audit & Risk Committee for the Royal Institution of Great Britain. From 2025, Chris has joined the Audit & Risk Committee of Hundred Houses Society. He is also strategic advisor for Inflo, the audit technology provider.

Chris is interested in history and learning from the past, and also in how science and technology can help us meet the challenges in the future.

### Rebecca McBride | NON-EXECUTIVE DIRECTOR



**Chair Risk Committee**

**Member**  
Audit Committee  
Assets & Liabilities Committee  
Nomination Committee

**Rebecca McBride** joined the Board in May 2020 and was appointed as the Chair of the Risk Committee in June 2024.

Rebecca has over 30 years of experience in financial services from both a regulatory and business perspective. She is currently the Head of Group Regulatory Policy at Lloyds Banking Group where she is responsible for developing and coordinating regulatory policy strategy and advocacy. Prior to joining Lloyds in 2018, Rebecca spent 17 years as a regulator at the Financial Services Authority, Prudential Regulation Authority and most recently the Bank of England. Over her career in regulation, she supervised a range of institutions including UK Banks, Building Societies, Life Assurers, Asset Managers and Central Counterparties.

Outside of work, Rebecca enjoys long walks with her family and golden retriever, reading, and listening to podcasts.

## Board of Directors continued

### Daniel Mark Wass | CEO



**Dan Wass** joined the Society in September 2022 as Chief Executive Officer.

Dan has over 25 years' experience in Financial Services, most recently as Director of Member Propositions, Banking, Insurance and Investments at Nationwide - leading through a period of record membership growth. Prior to that, he spent over 15 years at Barclays undertaking a variety of senior roles in the UK Bank. He started his career in Financial Services at the Woolwich.

Dan is married with two sons. A graduate in Geography from the University of Leeds, Dan enjoys the outdoors - particularly running and cycling, and live music. In April 2025 he will be participating in the London Landmarks Half Marathon in support of Citizens Advice Bucks.

**Chief Executive Officer**

**Member**  
Nomination Committee

**Chair**  
Assets & Liabilities Committee

### Scott Robert Morton | FINANCE DIRECTOR



**Scott Morton** joined the Board in September 2023.

A graduate of the University of Edinburgh, Scott is a qualified accountant with over 20 years of experience in Financial Services, spending the majority of his career prior to joining the Society at the Royal Bank of Scotland / NatWest Group, undertaking a number of senior finance roles both in the UK and overseas.

Scott lives locally with his wife and three sons. Outside of work, Scott is a keen musician and continues to play the bagpipes as a member of the Reading Scottish Pipe Band.

**Finance Director**

**Member**  
Assets & Liabilities Committee  
Nomination Committee

# Corporate Governance Report

The UK Corporate Governance Code 2018 (the “Code”), published by the Financial Reporting Council (the “FRC”) sets the principles for good governance and emphasises the importance of a clear purpose and strategy for the long-term sustainable success of an organisation.

Whilst the Society is not required to comply with the Code, as it is not a listed company, the Prudential Regulation Authority (PRA) requires the Society to have regard to the Code in establishing and reviewing its corporate governance arrangements.

The FRC published the UK Corporate Governance Code 2024 (2024 Code) in 2024, which updates the current 2018 Code and will apply to financial years beginning on or after 1 January 2025.

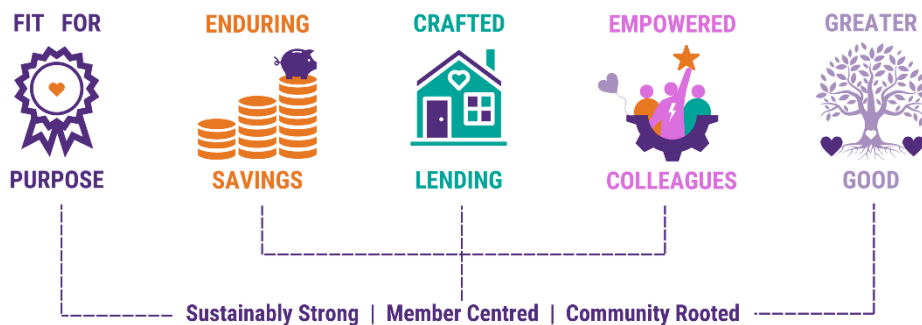
## Board Leadership and Company Purpose

### Code Principle: A

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.

#### Board Comment:

Led by the vision “*To be the best small building society*”, the Board of Directors of the Society focusses on long-term sustainability and resilience in setting the strategy of the Society to deliver on its fundamental purpose “...to help people achieve financial security, provide a safe home for savings and enable home ownership”. The Board reinstated the *five strategic pillars* in 2025 which will collectively enable the achievement of the Society’s long-term Strategy: **Sustainably Strong | Member Centred | Community Rooted**.



Retaining the real strengths of our core purpose and proposition, the Board has settled on enabling dimensions to achieve our longer-term strategy by investing in technology, business processes and capabilities over the next few years by means of a *Fit For Future* transformation programme, which will underpin our next phase of growth sustainably.

## Division of Responsibilities

### Code Principle: B

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.

#### Board Comment:

Aligned with our core purpose, the Board is committed to lead the Society “*To be the best small building society, endorsed by a thriving membership both locally and nationally - committed to helping members achieve financial security and home ownership.*” The Board in its fiduciary role reviews the strategic progress every year and considers the outlook over the next 5 years. As part of the 2025-2029 strategy review, the Board identified new priorities across the five strategic pillars configured to achieve long term sustainability and balanced growth. More detail on the Society’s Purpose, Values and Strategy is set out in the Directors’ Report beginning on page 6.

Underpinned by our purpose the Board has led the embedding of the Society's values of **Members First, Excellence, Respect, Accountability** and **Togetherness** through the year, firmly believing that they will continue to positively shape and define the culture of the Society in the pursuit of good outcomes for our members and the long-term sustainability of the Society.



As a member-owned mutual, the Board firmly believes that our success is not just measured by the financial results but by the positive difference it makes to help our members and support our community,

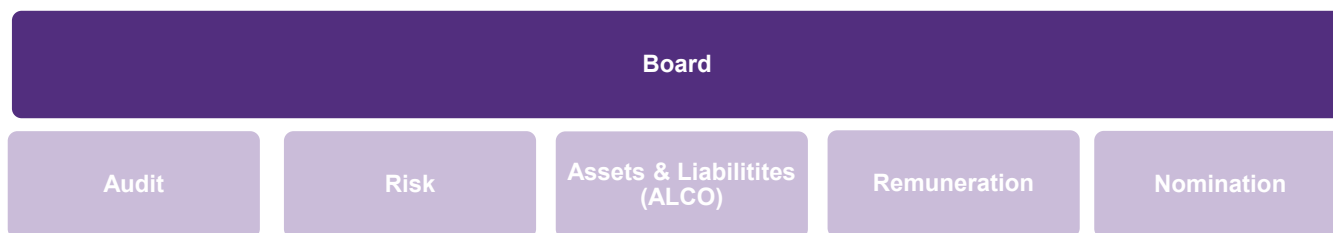


**Code Principle: C**

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

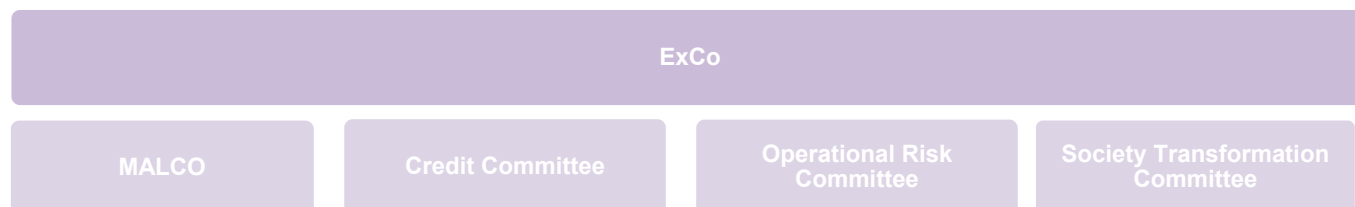
**Board Comment:**

The Board is well supported by the following five Committees to consider matters delegated to them as per their Terms of Reference.



The Board and its Committees receive comprehensive reporting and management information. Progress of all the strategic pillars and their priorities is reviewed by the Board against pre-determined measures. The matters delegated to the Board are tracked through the Society's annual calendar of agenda items and includes the Society's Strategy, Financial Plan, Annual Report and Accounts, Risk Management Framework and Appetite Statement and key Regulatory documents.

The Board and its Committees draw assurance from the **Executive Committee (ExCo)** - a management committee of the CEO and formed by the senior management team. The ExCo is supported by four key management committees, **Management Assets and Liabilities Committee (MALCO)**, **Credit Committee**, **Operational Risk Committee** and the newly formed **Society Transformation Committee**, each with their defined roles and responsibilities.



The composition and responsibilities of the various Board Committees are documented on their respective Terms of Reference, a summary of which is described on the following pages:

## Audit

### Membership:

The Audit Committee has three Non-Executive Directors as members and is chaired by Chris Potter, who has strong financial and audit experience.

The CEO, Finance Director, Chief Risk Officer, and representatives from the internal and external audit functions attend the Committee meetings.

### Responsibilities:

- Effectiveness of systems and controls;
- Accuracy and completeness of financial information;
- Review & recommendation of Annual Report and Accounts;
- Review & Recommendation of the appointment, re-appointment or removal of external auditors and internal auditors;
- Audit fees and scope of work undertaken by both the internal auditors and external auditors, their performance, independence and effectiveness;
- Adequacy of the compliance assurance function;
- Accounting policies; and effective whistleblowing arrangements.

## Risk

### Membership:

The Risk Committee has four Non-Executive Directors as members and is chaired by Rebecca McBride, who is also the Consumer Duty Champion.

The CEO, Finance Director, Chief Risk Officer, Head of Operations and Head of Mortgage Sales attend the Committee meetings.

### Responsibilities:

- Risk management and risk management framework that is sufficiently robust, forward looking and integrated across the Society;
- Risk Management Policies;
- Emerging and strategic risks, credit risk, assets and liabilities risk and operational risks including cyber, change and climate change risks.
- Review & Recommendation of:
  - Risk Appetite Statement and Management Framework;
  - Internal Capital Adequacy Assessment Process (ICAAP);
  - Operational Resilience Self-Assessment and Climate Change Strategy.

## ALCO

### Membership:

The Assets & Liabilities Committee is chaired by Dan Wass, CEO and has four Non-Executive Directors and the Finance Director as its members.

The Chief Risk Officer attends the Committee meetings.

### Responsibilities:

- Balance sheet management and treasury activities, including funding, liquidity, interest rate risk basis risk and refinancing risk;
- Balance between the Society's assets and liabilities;
- Financial risk and control procedures;
- Review & Recommendation of:
  - Recovery Plan and
  - Internal Liquidity Adequacy Assessment Process (ILAAP).

## Remuneration

### Membership:

The Remuneration Committee has three Non-Executive Directors as members and is chaired by Jo Carter.

The CEO, the Finance Director and the HR Manager attend the Committee meetings.

### Responsibilities:

- Remuneration Policy and reward and remuneration arrangements for the Board and colleagues, including their fixed and variable pay, where applicable;
  - Terms and conditions of employment of the Executive Directors and recommendation of the Non-Executive Directors' fees to the Board;
  - Ensuring the level of remuneration and benefits for Executive Directors and our colleagues are fair and equitable.
- Principles P, Q and R of the Corporate Governance Code on the Directors' Remuneration Report on page 28 elaborate further on the work of this Committee.

## Nomination

### Membership:

The Nomination Committee comprises of all members of the Board and is chaired by Dick Jenkins, the Chair of the Board.

### Responsibilities:

- Succession planning for both Executive and Non-Executive Directors;
- Structure, size and composition of the Board, its committees and oversight of wider organisational structure;
- Inclusion and Diversity Strategy driving the balance and diversity of skills, background, knowledge and experience along with gender, ethnicity and background;
- Board and Committee Performance Review and appraisal of Non-Executive Directors;
- Management Responsibility Map in compliance with the Senior Managers and Certification Regime;
- Corporate Governance Report.

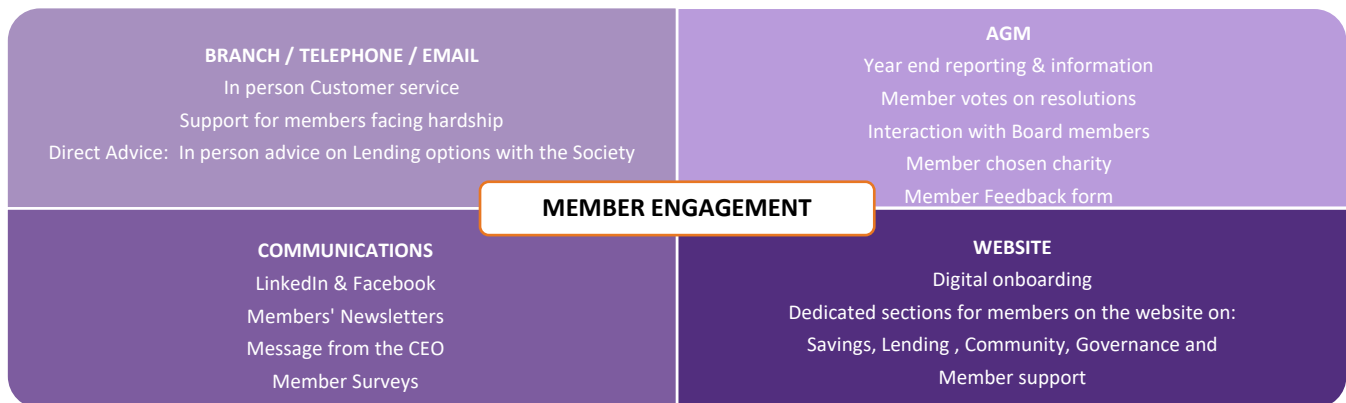
## Code Principle: D

**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**

### Board Comment:

As a mutual organisation the Society's membership consists entirely of the Society's customers. The Board recognises the importance of effective engagement with our members and ensures that we communicate with them across a range of channels to seek feedback to help us provide good outcomes for them. The Consumer Duty Champion has overseen the implementation of the Consumer Duty over the last two years and continues to review detailed reporting on Consumer Understanding, Products and Services, Consumer Support and Price and Value.

We engage with our members in person at the branch, through periodic newsletters, social media platforms and through our newly refreshed website. Our Annual General Meeting ("AGM") is a great opportunity for our members to engage with us, where they can ask the Board members questions and voice their opinions on the performance and other matters related to the Society. In addition to the member feedback accompanying our AGM pack, there are several touchpoints to seek and learn from feedback from our valued members. Our members also get a chance to vote for their chosen charity to which the Society makes a financial contribution.



## Code Principle: E

**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 drives an inclusive culture across the organisation where everyone feels comfortable in speaking up and feels empowered to pursue both their own and the Society goals. Engagement, Development and Well-being of colleagues are

important outcomes for the Board who ensure that the Society's policies and practices are able to recruit, retain and support colleagues. Andy Lucas, the Senior Independent Director on the Board, is the Whistleblowing Champion and oversees the Whistleblowing arrangements within the Society. The Society's values encourage colleagues to speak up, contribute new ideas, and escalate if there are any matters of concern. Colleague engagement is facilitated utilising colleague forums, annual surveys, lunch with the Board members, engagement groups and social events. The Board takes an active interest in engaging and mentoring members of Bucks Voice, our colleague forum which was re-launched in 2024, with defined responsibilities around engagement and development across the Society. The Society values also encourage colleagues to define their team's principles of working and exercise a choice around place and pattern of work.

#### Code Principle: F

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.

#### Board Comment:

The Chair leads the effectiveness reviews of the Board and Committees, considering the areas of improvement and identifying the actions for enhancement of the governance framework. The Board undertook an externally facilitated Board effectiveness review in 2022 which covered purpose, culture, governance, decision making and cohesion. Acknowledging the positive themes emerging from the externally facilitated review and the progress made on the suggested actions for further enhancements, the Nomination Committee in 2024 decided to assess the effectiveness of the Board and Committees via a comprehensive survey, feedback from which was discussed in a dedicated session facilitated by the Chair. The review concluded that the Board and Committees benefit from having a strong mix of skills, experience and diversity of thought and background that contribute towards the cohesive and collective discussions and decision making. The Chair sets the direction of the Board and promotes a culture of openness and inclusivity by facilitating the contributions of the Non-Executive Directors and maintaining strong relations between Executive and Non-Executive Directors. The next externally facilitated Board Performance review is scheduled for later in 2025.

#### Code Principle: G

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.

#### Board Comment:

The Board has been comprised of six Non-Executive Directors and two Executive Directors, thus providing a balance and diversity of skills and experience, appropriate for the requirements of the business. Information relating to directors is set out on pages 16 to 18. The 2024 Effectiveness Review concluded that the Board culture is collaborative, inclusive and maintains a balance across strategy, effective risk management, controls and performance.

The roles of the Chair and CEO are held by different individuals with a clear division of responsibilities. Dick Jenkins as an independent Non-Executive Director is the Chair and responsible for leading the Board and ensuring it acts effectively. Dan Wass as the CEO has responsibility for managing the Society's performance and implementation of the Society's strategy through clearly defined priorities.

#### Code Principle: H

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.

#### Board Comment:

The Nomination Committee assesses the ability of Directors to commit the time required for their role, at the time of their appointment. The Non-Executive Directors are informed of the time commitment in their letter of appointment. The Directors agree to additional external appointments only with prior approval of the Board. The Executive Directors do not hold any executive positions in other organisations. Where directors have other significant commitments, these are set out in the information relating to directors on page 69.

The Board met seven times in 2024. In addition, they also met for the Strategy Day to focus exclusively on reviewing and refreshing the Society's strategy and financial plan. The Directors who held office during 2024 and their attendance record at Board and Board committee meetings is set out in a table at the end of this report.

The Non-Executive Directors with their experience and knowledge of the external environment and the industry offer their subject matter expertise and advice on a range of matters including but not limited to member engagement, industry knowledge, operational changes, treasury management, regulatory changes, people and culture, cyber and information technology.

#### Code Principle: I

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 is supported by a strong governance framework headed by the Society Secretary. The Secretary ensures that Non-Executive Directors have access to clear, concise and timely information. The Society Secretary provides support on corporate governance matters and the Board has access to independent advice, if required. The Board receives accurate and timely information to facilitate robust discussions and informed decision-making. The Board follows an annual agenda for policy and document reviews to ensure that all policies and processes are kept up to date. Feedback and comments from the annual Board and Committee Effectiveness Review are considered in planning and improving governance arrangements for the Society in terms of scheduling, agenda planning and striking the right balance between strategy and performance discussions.

The Society continuously strives to improve management information and in 2024 made significant improvements in strengthening and aligning the management information to the strategic pillars, their outcomes and tracking the progress of the priorities.

### Composition, Succession and Evaluation

#### Code Principle: J

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

#### Board Comment:

The Nomination Committee leads the appointment process for the Board and senior management and recommends candidates for consideration by the Board. All appointments are subject to a rigorous selection process. External recruitment partners are used when appropriate, to ensure a broad and diverse shortlist of candidates are considered. The process ensures that all Directors and Senior Management Functions are aligned against the fitness and propriety standards of the Prudential Regulation Authority ("PRA") and Financial Conduct Authority ("FCA") and have the capabilities and experience to discharge their responsibilities under the Senior Managers & Certification Regime.

The Nomination Committee is actively engaged in the process of succession planning, retention and overseeing the development of senior management as well as recruitment of suitable candidates to fill in any vacancies that may occur. A period of induction and handover is carefully considered to ensure a smooth transition of roles and clearly documented learning and development plans are in place for all new Senior Management Function appointments. The Nomination Committee, at least on an annual basis considers the organisation structure and its alignment with the strategic objectives to ensure a resilient and high performing culture within the organisation.

The selection and shortlisting processes are fair and transparent, based on merit and suitability and with due regard to the succession planning initiatives and the investment in the talent and capability of the middle management in recent years. All new Directors undergo a formal and tailored induction prior to joining the Board. The training and development needs of each Director are reviewed annually as part of the performance review process.

#### Code Principle: K

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.

### Board Comment:

The membership of the Board Committees is reviewed on an annual basis following a review of their terms of reference to ensure there is the right balance of skills and experience on each of the Committees to discharge their responsibilities. The Board skills matrix is regularly reviewed to assess if there are any skills gaps which can be addressed through new appointments or training. There is also a chance for the Non-Executive Directors to join meetings of the committees they are not a member of to extend their understanding and knowledge in other areas. A strong advocate of the principles of Inclusion and Diversity, the Nomination Committee put in place, the Society's Inclusion and Diversity Strategy in 2024 and will be overseeing the action plan to implement the same across the Board and the Society.

The membership of the Board is reviewed on a regular basis and the maximum tenure for any non-executive director on the Board does not generally exceed nine years. The Nomination Committee considers whether Non-Executive Directors should be submitted for re-election based on independence, knowledge, their ability to commit sufficient time to the role and their tenure on the Board. The Society's Rules require that all Directors be submitted for election at the Annual General Meeting following their initial appointment to the Board. The Nomination Committee feels that to ensure continuity and stability of the Board of a small mutual organisation, retirement by rotation of 'all' the directors is against the risk appetite of the Society. Instead, it chooses to follow the Rules of the Society around retirement by rotation by putting forward not less than one third of the other Directors on the Board for re-election every year.

Eric Leenders will be retiring from the Board after having served on the Board and its various Committees over the last eleven years. Chris Potter and Dick Jenkins will be offering themselves for re-election at this year's AGM, in accordance with the Society's Rules around retirement of directors by rotation.

#### Code Principle: L

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 Nomination Committee of the Board assess the composition, diversity and effectiveness of the Board and its Committees in delivering the overall strategy on an ongoing basis. As part of the 2024 Board and Committee effectiveness review, it was concluded that the Board and Committees benefit from having a strong mix of skills, experience and diversity of thought and background that contribute towards cohesive and collective discussions and decision making. There is also a good balance of collaboration and challenge in meetings, with a supportive and inclusive culture. A number of training sessions covering a wide range of subjects relevant for the sector and the industry are organised for the Board members as part of their ongoing learning and development.

The performance of Non-Executive Directors is evaluated by the Chair after taking into account the views of all other Directors. The Chair's performance is assessed by the Senior Independent Director with feedback received from the Non-Executive Directors and management.

## Audit, Risk and Internal Control

#### Code Principle: M

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.

### Board Comment:

The Audit Committee is primarily responsible for assessing and recommending the engagement and suitability of the external and internal auditors and their effectiveness which includes a report on their own internal quality controls and procedures. The Audit Committee meets at least four times a year. Representatives of the External and Internal Auditors attend the meetings of the Audit committee to present their reporting and respond to the challenge and review by the Committee. The Audit Committee undertakes a review of the effectiveness of the external and internal auditors after the end of the annual audit cycle, inviting feedback from all members and attendees of the Committee and the output from which is shared with the auditors. Every year, the Audit Committee also reviews the outcome of the Financial Reporting Council ('FRC')'s audit quality reviews on the External Auditor and steps taken by them to address any findings from such audit quality reviews.

The Society did not obtain any non-audit services from its External Auditors in 2024. The Audit Committee has concluded that Forvis Mazars LLP can be considered independent and has recommended them to be appointed as the Society's External Auditor at the 2025 AGM. RSM UK Risk Assurance Services LLP (RSM) continues as Internal Auditor of the Society, service levels and terms of engagement for which are benchmarked and reviewed every three years. The Audit Committee's role in ensuring the

independence and effectiveness of internal and external audit functions and the integrity of financial and narrative statements are described in the Audit Committee Report on pages 32 to 33.

**Code Principle: N**

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

**Board Comment:**

The Audit Committee has advised the Board that, in its opinion the Annual Report and Accounts for the year ended 31 December 2024 is true and fair and presents a balanced and understandable assessment of the Society's position and prospects. The Audit Committee's views on the 2024 Annual Report and Accounts are reported in the Audit Committee Report on pages 32 to 33. The responsibilities of the Directors in relation to the preparation of the Society's Annual Report, Annual Business Statement, Directors' Report and the Annual Accounts and included in the Statement of Directors' Responsibilities on page 31 and the Directors' Report on page 6 attests that the Society continues to be considered to be a going concern.

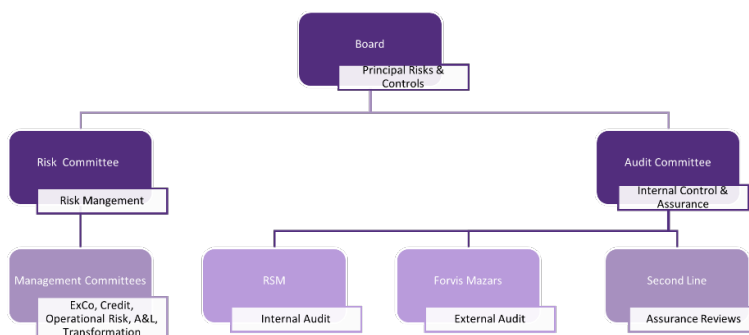
The Board confirms that the 2024 Annual Report and Accounts, taken as a whole, is fair and balanced and provides the necessary information for members to understand the business model of the Society, its overall strategy as well the Society's performance during the year with reference to the relevant statutes, regulatory guidance and accounting standards.

**Code Principle: O**

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

**Board Comment:**

The Board remains collectively responsible for determining the risk appetite and the approach to risk management, setting out the key risk indicators and metrics, aligned with the overall strategic objectives. The risk management framework and controls are reported to and overseen by the Risk Committee and Board. The Audit Committee obtains assurance around the appropriateness of our systems and effectiveness of our internal controls from the management team. In addition, they review and approve statements included in the Society's Annual Report and Accounts in respect of internal controls and risk management. Forvis Mazars LLP as external auditors provide observations on the financial reporting control environment identified during the course of the statutory audit and RSM as the internal auditors provide independent and objective assurance on the Society's controls and risk management within the scope of their internal audit reviews. The second line through their assurance reviews provide further assurance on the effectiveness of the control framework to the Audit Committee and Board.











































The Board through the reporting to the Risk Committee and Audit Committee feels confident that the Society's risk management framework and internal control framework are effective and adequate, and the Society has a strong and transparent culture of compliance. The principal risks, identified by the Board, together with explanations on how they are mitigated are part of the Directors Report on pages 6 to 15.

**Remuneration**

The Directors' Remuneration Report on pages 28 to 30 explains how the Society complies with the **Corporate Governance Code Principles P, Q and R**, relating to remuneration.

**Dick Jenkins**  
Chair  
5 March 2025

## 2024 Board and Committees - Membership and Attendance

Total number of meetings held in 2024	Board (7)	ALCO (4)	Audit Committee (4)	Risk Committee (4)	Nomination Committee (3)	Remuneration Committee (3)
<b>Non-Executive Directors</b>						
Dick Jenkins	7 (7) 	4 (4) 	-	-	3 (3) 	3 (3) 
Eric Leenders	7 (7) 	-	1 (1) 	4 (4) 	3 (3) 	-
Jo Carter	6 (7) 	2 (2) 	4 (4) 	-	3 (3) 	3 (3) 
Andy Lucas	7 (7) 	4 (4) 	-	4 (4) 	3 (3) 	3 (3) 
Rebecca McBride	7 (7) 	4 (4) 	3 (3) 	4 (4) 	3 (3) 	1 (1) 
Chris Potter	7 (7) 	-	4 (4) 	4 (4) 	3 (3) 	-
<b>Executive Directors</b>						
Dan Wass Chief Executive Officer	7 (7) 	4 (4) 	4 (4) 	4 (4) 	3 (3) 	3 (3) 
Scott Morton Finance Director	7 (7) 	4 (4) 	4 (4) 	4 (4) 	3 (3) 	3 (3) 

 Chair  Member  Attendee

( ) Brackets show the number of meetings the Director was eligible to attend.

# Directors' Remuneration Report

This Directors' Remuneration Report sets out how the Society applies the principles of the UK Corporate Governance Code 2018 relating to remuneration. It also sets out how the Society's Remuneration Policies comply with relevant regulations of the Remuneration Part of the PRA Rulebook and the FCA's Remuneration Code (SYSC 19D).

As at 31 December 2024, Non-Executive Directors, the Executive Directors, members of the Executive Committee and four other members of the senior management were classified as Material Risk Takers (MRTs).

Whilst a binding vote from the members on the Directors' Remuneration Report is not considered appropriate for a building society of our size, if 20% of the advisory votes are cast against the report, the Remuneration Committee will take steps to address the concerns of the membership, and an update published no later than six months after the members' meeting.

## Level & Components of Remuneration

### Code Principle: P

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

### Board Comment:

The Remuneration Policies of the Society have been designed to:

- underpin the Society's Purpose, Values and Strategy in delivery of good outcomes for our members;
- recognise individual capabilities and experience in a competitive market to ensure the Society can attract and retain colleagues while continuing to invest in their development and progression;
- ensure that all Directors and colleagues are rewarded fairly, equitably, without any discrimination and with due regard to industry benchmarking and statutory considerations.

Whilst not currently a legislative requirement for the Society due to our size, information on gender pay is reported to the Remuneration Committee on an annual basis.

## Executive Directors

### Base Salary

Base pay for Executive Directors and all colleagues is determined with reference to their roles and responsibilities and external benchmarking analysis. Annual percentage salary increases take into account several macro-economic factors and are the same for Executive Directors and colleagues unless considered necessary to address specific market conditions or changes in roles and responsibilities.

In 2024, the base salaries of the Executive Directors increased in line with increases in base pay across the rest of the organisation. The pay ratio of the Chief Executive Officer and the Finance Director compared to the average colleague salary on full time equivalent basis, as at December 2024, was 3.73 and 2.69 times respectively. The remuneration of the Executive Directors paid in 2024 and 2023 is detailed on page 30.

### Bonus

Payment of Bonus is discretionary and non-contractual. The Remuneration Committee assess the financial position of the Society before reviewing the Society's performance across the five strategic pillars viz., Fit For Purpose, Enduring Savings, Crafted Lending, Empowered Colleagues and Greater Good as well as individual performance to determine whether, and to what extent a bonus is paid, up to a maximum of 15% of base pay. The Discretionary Bonus Policy is the same for all colleagues, including Executive Directors.

The Society paid bonuses in 2024 to the Executive Directors and all eligible colleagues. Information on the Bonuses paid to the Executive Directors for 2024 and 2023 are available on page 30.

### Benefits

The Society offers a range of non-financial and financial benefits, which are subject to external benchmarking. The financial benefits include Life Assurance, Health Cash plan including health checks and for Executive Directors, Private Health Insurance.

The Society also offers a pension scheme which allows for a maximum Society contribution of 10% of base salary annually. Executive Directors have access to the same pension scheme as colleagues. The Society's minimum pension contributions in line with auto-enrolment and the minimum overall contribution rate is 9%. All colleagues, including Executive Directors have the option of participating in a Salary Sacrifice scheme which enables them and the Society to make savings on National Insurance Contributions. Currently 72% of employees participate in the Salary Sacrifice scheme.

## Contracts

The Executive Directors have employment contracts with the Society, providing the terms of their appointment, remuneration and termination, which require giving six months' notice by either party. The Executive Directors' contracts and the Remuneration Policy also allow the Society to apply relevant regulations regarding deferral, malus adjustment and clawback and the circumstances in which malus and clawback provisions could be used.

## Non-Executive Directors

The remuneration for the Non-Executive Directors aims to be at a level that is fair and reflects the time commitment and responsibilities for their roles as the Chair of the Board, Chairs of different Committees or as Non-Executive Directors. Non-Executive Directors receive fees for their services which are reviewed annually and with reference to relevant benchmarking data. In addition, they are reimbursed for the expenses incurred in relation to the performance of their roles for the Society.

Non-Executive Directors' fees are not pensionable and Non-Executive Directors do not receive any discretionary bonus or any other benefits. The Non-Executive Directors have letters of appointment defining the terms and conditions of their appointment, remuneration and termination.

The Non-Executive Directors' fees increased in 2024 in line with base pay increases across the rest of the organisation. The remuneration of the Non-Executive Directors paid in 2024 and 2023 is detailed on page 30.

## Determining Remuneration

### Code Principle: Q

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.

### Board Comment:

The Remuneration Committee of the Board consists of three independent Non-Executive Directors. The Chief Executive Officer, the Finance Director and the HR manager attend by invitation but are not present or involved in the discussion of their own remuneration. The Committee reviews the Society's Remuneration Policies to ensure they remain fit for purpose and aligned with our strategic objectives. No one is involved in discussions relating to their own remuneration outcome.

### Executive Directors

The Remuneration Committee reviews the remuneration for Executive Directors at least annually, using data from comparable organisations and taking account of the responsibilities for the specific roles. The Committee ensures that variable remuneration for Executive Directors is determined using the same framework as for all colleagues and does not undermine the independence of the Risk and Compliance function.

The Remuneration Committee considers the overall recommendations of the Executive Directors for the remuneration, discretionary bonus and benefits of all other colleagues.

### Non-Executive Directors

The fees payable to Non-Executive Directors are proposed by the Chief Executive Officer, taking into consideration external benchmarking data as well as their specific responsibilities and time commitment required to perform their roles on the Board and various Committees. The proposed fees are then reviewed by the Remuneration Committee.

## Exercising Independent Judgement and Discretion

### Code Principle: R

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

### Board Comment:

The Remuneration Committee use independent judgement and discretion while considering remuneration outcomes for all colleagues. The Remuneration Committee reviews the Remuneration Policies at least annually to ensure that they are aligned with the Society's strategy, Risk Appetite Statement and in cognisance with the macroeconomic environment and existing rules and regulations. External benchmarking with comparable organisations is also considered while determining remuneration and their annual reviews. In particular, the Committee ensures that the policies promote effective risk management, prevent conflicts of interest and drive an inclusive culture that underpins the Society's Purpose and Values.

## Directors' Remuneration

Non- Executive Directors' Remuneration (Fees and Expenses)	2024 £000	2023 £000)
R Jenkins	42	40
E Leenders	27	29
J Carter	27	24
A Lucas	27	25
R McBride	29	26
C Potter	31	29
<b>Total Non-Executive Directors Remuneration</b>	<b>183</b>	<b>173</b>

Executive Directors' Remuneration					
2024	Salary	Bonus for 2023 paid in 2024	Benefits	Employer's Pension Contributions	Total
	£000	£000	£000	£000	£000
D Wass	201	26	5	18	250
S Morton	140	12	5	14	171
<b>Total Executive Directors' Remuneration</b>	<b>341</b>	<b>38</b>	<b>10</b>	<b>32</b>	<b>421</b>
<b>Total Non-Executive Directors Remuneration</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>183</b>
<b>Total 2024 Directors' Remuneration</b>	<b>524</b>	<b>38</b>	<b>10</b>	<b>32</b>	<b>604</b>

2023	Salary	Bonus for 2022 paid in 2023	Benefits	Employer's Pension Contributions	Total
	£000	£000	£000	£000	£000
D Wass (Joined on 19/09/2022)	192	8	4	12	216
S Morton (Appointed on 4/09/2023)	45	-	1	4	50
D Ramdeen (Resigned on 03/09/2023)	98	10	1	PILOP* 10	119
<b>Total Executive Directors' Remuneration</b>	<b>335</b>	<b>18</b>	<b>6</b>	<b>26</b>	<b>385</b>
<b>Total Non-Executive Directors Remuneration</b>	<b>173</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>173</b>
<b>Total 2023 Directors' Remuneration</b>	<b>508</b>	<b>18</b>	<b>6</b>	<b>26</b>	<b>558</b>

\*Cash equivalent sum (PILOP) in lieu of his 10% of salary pension entitlement, at no additional gross cost to the Society.

In addition to the amounts paid in the table above, Dan Wass was awarded a bonus of £13k and Scott Morton was awarded a bonus of £9k for their performance in 2024, both paid in March 2025.

# Statement of Directors' Responsibilities

## for the year ended 31 December 2024

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### Directors' Responsibility Statement in respect of the Annual Report, the Annual Business Statement, the Directors' Report and the annual accounts for the year ended 31 December 2024.

The Directors are responsible for preparing the Annual Report, Annual Business Statement, Directors' Report and the annual accounts in accordance with applicable law and regulations.

The Building Societies Act 1986 (the "Act") requires the Directors to prepare, for each financial year, annual accounts which give a true and fair view of the state of the affairs of the Society at the end of the financial year and of the income and expenditure of the Society for the financial year. Under that law, they have elected to prepare the Society's annual accounts in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In preparing these annual accounts, the Directors are required to:

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

In addition to the annual accounts, the Act requires the Directors to prepare for each financial year, an Annual Business Statement and a Directors' Report, each containing prescribed information relating to the business of the Society.

### Directors' Responsibility statement for accounting records and internal controls.

In Respect of Accounting Records and Internal Controls 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 of controls as are appropriate to its business in accordance with the rules made by both the Prudential Regulation Authority and the Financial Conduct Authority under the Financial Services and Markets Act 2000.

The Directors have general responsibility for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of 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.

The Directors' Responsibility Statement for the year ended 31 December 2024 was approved by the Board of Directors on 5 March 2025.

**Dan Wass**  
**Chief Executive Officer**

**5 March 2025**

# Audit Committee Report 2024

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## Committee Members as at 31 December 2024

Chris Potter, Non-Executive Director (Chair)  
Rebecca McBride, Non-Executive Director  
Jo Carter, Non-Executive Director

## Regular Attendees

Chief Executive Officer,  
Finance Director,  
Chief Risk Officer,  
Head of Finance,  
Forvis Mazars LLP (External Auditor) and  
RSM UK Risk Assurance Services LLP (Internal Auditor)

## Governance

The Audit Committee ("Committee") held four meetings in 2024. The Chair of the Committee provided a verbal update to the Board following each meeting and the minutes of the meetings were circulated to all the Directors. The Board is satisfied that the Committee members have the skills and competencies required to fulfil the Committee's duties and responsibilities as set out in its Terms of Reference. A summary of the responsibilities of the Committee is included in the Corporate Governance Report on page 21.

## Financial Reporting

The Committee has reviewed the Annual Report and Accounts and Business Review for the year ended 31 December 2024, including statements in respect of internal controls and risk management. It has also reviewed the key accounting policies and significant financial reporting issues and judgements having regard to the matters reported to by the auditor. The key audit matter this year was Credit Risk (impairment of loans and advances to customers). The Committee has acknowledged the strong credit risk record of the Society and its limited actual loss experience. However, considering the continuing macro-economic challenges which might lead to an increase in credit losses over the next accounting period, the Committee agreed that Credit Risk was an area of management judgement, both in terms of individual provisions and collective impairment.

In addition, there were a few key areas of judgement, being revenue recognition (Effective Interest Rate), hedge accounting, property valuation and IT control environment. The Committee has considered these key areas of judgement as set out in the Audit opinion on page 34 and the differences in judgement between management and the auditors on them, noting they were within the threshold of materiality.

The auditors also made internal control recommendations which in their view should be actioned in the near future. There were no high priority recommendations, and the management accepted the recommendations.

The Committee reviewed the Going Concern Statement and concluded that it is appropriate to adopt the going concern basis of accounting for the 2024 Annual Report and Accounts.

The Committee agreed that the 2024 Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and provided members with the information necessary to understand the Society's business, strategy and performance and recommended them to the Board for approval.

## External Audit

The Committee is responsible for providing oversight of external audit by monitoring the relationship with the external auditor, agreeing their remuneration and terms of engagement and making recommendations to the Board on the appointment, re-appointment or removal of the external auditor as appropriate.

Forvis Mazars were re-appointed as the Society's external auditors in 2024. At the start of the audit cycle, the Committee approved the audit strategy put forward by Forvis Mazars including the scope and timeline, resources, risk evaluation and levels of materiality. Independence of the external auditors was assessed at the time and again at the conclusion of the audit with Forvis Mazars confirming that they remained independent. The Committee discussed with external auditor the outcome of the recent audit quality review on Forvis Mazars and the steps taken by them to address the findings from by the Financial Reporting Council ('FRC').

Audit fees for the current year are set out in note 5 to the accounts. Forvis Mazars did not provide any non-audit service in addition to their external audit services in 2024.

The Committee has assessed the effectiveness of external audit through the review of the audit strategy, discussion of audit reports, engagement with Forvis Mazars during and outside of the Committee meetings and the feedback received from the members of the Committee and management. Satisfied by their performance, the Committee has recommended to the Board that Forvis Mazars be re-appointed as the external auditor of the Society for the coming year.

### **Internal Audit**

The Committee is also responsible for providing oversight of internal audit by monitoring the relationship with the internal auditor, agreeing their appointment, remuneration and terms of engagement as well as approving the internal audit plan for the Society and its delivery.

RSM UK Risk Assurance Services LLP (RSM) as the internal auditor of the Society completed six internal audits and one advisory audit during 2024. Their overall assessment was that based on the work carried out during the year, the Society has an adequate and effective framework for risk management, governance and internal control. Further enhancements have been identified to ensure that the framework remains adequate and effective. Management actions agreed during the year have either been completed or are on track for completion. In terms of culture, RSM concluded that there has been positive and collaborative engagement by staff and members of the management, demonstrating an open and transparent culture.

The Committee agreed the internal audit plan for 2025, which is aligned with the Society's strategy and strategic change deliverables, risk profile and the core areas of regulatory oversight.

The Committee has satisfied itself as to the effectiveness of internal audit during the year through the review of the audit strategy and internal audit progress reports, engagement with RSM during and outside of committee meetings and the feedback received from the members of the Committee and management.

### **Compliance Oversight**

The Society's Risk and Compliance team provides a comprehensive report to the Committee on the effectiveness of the second line control framework. This includes the outcome of their assurance work, policy reviews, financial crime and other management information and upcoming regulatory changes.

The Committee approved the Combined Assurance Plan for 2025 to 2027 which provides an overview of internal risk and compliance second-line assurance work over the next 3 years. Focussing on the risk landscape, regulatory horizon, strategic agenda and change and the internal audit plan, the Combined Assurance Plan is designed to ensure that resources are utilised effectively and efficiently to support the delivery of the strategy.

### **Whistleblowing**

There were no incidents of Whistleblowing reported this year. Andy Lucas, our Senior Independent Director, is the Whistleblowing Champion and the Committee oversees the Society's policies and arrangements around Whistleblowing.

**Chris Potter**

**Chair of the Audit Committee**

# Independent Auditor's Report

## to the members of Buckinghamshire Building Society

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### Opinion

We have audited the annual accounts of Buckinghamshire Building Society (the 'Society') for the year ended 31 December 2024 which comprise the Income and Expenditure Account, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Members' Interests, the Cash Flow Statement and Notes to the Annual Report and Accounts, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the annual accounts:

- give a true and fair view of the state of the Society's affairs as at 31 December 2024 and of the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Building Societies Act 1986.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual accounts" section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the annual accounts in the UK, including the Financial Reporting Council's ("FRC") Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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.

Our audit procedures to evaluate the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included but were not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the Society's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the Society's future financial performance;
- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included the audit team inspecting the Society's latest 5 Year Corporate Plan, latest Internal Capital Adequacy Assessment Process ('ICAAP') and Internal Liquidity Adequacy Assessment Process ('ILAAP'), and its reverse stress testing;
- Performing a sensitivity analysis by incorporating various stress scenarios to assess the impact on the capital and liquidity position of the Society;
- Testing the accuracy and functionality of the model used to prepare the directors' forecasts;
- Assessing the historical accuracy of forecasts prepared by the directors;
- Assessing and challenging key assumptions and mitigating actions put in place in response to the current economic situation, including but not limited to, the 'cost of living crisis', inflation, levels and interest rates;
- Considering the consistency of the directors' forecasts with other areas of the annual accounts and our audit;
- Evaluating the appropriateness of the disclosures in the annual accounts on going concern; and
- Reviewing correspondence with regulators to assess for matters that may impact the 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.

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

## Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our 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) we identified, 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 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.

We summarise below the key audit matter in forming our audit opinion above, together with an overview of the principal audit procedures performed to address the matter and our key observations arising from those procedures.

This matter, together with our findings, was communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
<p><b>Credit Risk – Impairment of loans and advances to customers £283k (2023: £335k)</b></p> <p><i>Refer to note 1 - Accounting policies – Impairment &amp; Critical accounting estimates and judgements, note 12 – Loans and advances to customers, note 13 - Impairment provisions and note 23 – Financial instruments.</i></p> <p>Credit risk is an inherently judgemental area due to the use of subjective assumptions and a high degree of estimation in arriving at the year-end provisions. The total impairment provision of the Society consists of an individual provision on loans with default indicators and a collective provision on the performing portfolio.</p> <p>The Society has limited experience of losses on which to base its impairment assessment, resulting in management judgement being required in deriving assumptions to be applied in the assessment.</p> <p>In calculating the individual provision, management applies judgement in identifying loans that require individual impairment assessments and in estimating the recoverable amount from the underlying collateral.</p> <p>The collective impairment provision is derived from a model that uses a combination of the Society's historical experience and, due to the Society's limited loss experience, external data, adjusted for current conditions. In particular, the impairment assessment is most sensitive to the following assumptions: probability of default (PD) of loans and forced sale discounts (FSD) applied to underlying collateral and the movement in future house prices.</p> <p>The Society recognises a post model adjustment (PMA) in addition to the modelled provision. The PMA is recognised to provide additional provision coverage over borrowers who may already be financially stressed but not yet identified by the Society.</p> <p>The Society has recognised a judgemental impairment provision overlay of £75k (2023:150k) in addition to the £104k modelled collective provision. The judgemental overlay has been recognised to provide additional provision coverage over borrowers who may already be financially stressed but not yet identified by the Society or included in the modelled collective provision.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• Testing the design, implementation and testing the operating effectiveness, of the key controls in relation to credit processes (loan origination and approval, loan redemptions arrears monitoring).</li> <li>• Reviewing the Society's impairment methodology and evaluating whether it is in compliance with accounting requirements.</li> <li>• Performing loan book stratification-based on risk characteristics such as arrears status, forbearance flagging and Loan to Values (LTV) ratios to identify individual loans which may have unidentified impairments.</li> <li>• Assessing the reasonableness and accuracy of internal and external data used in the provision model and check relevance of this data based on our understanding of the Society's portfolio.</li> <li>• Comparing the Society's key assumptions (PD and FSD) with Society's internal empirical data as well external data from lenders with similar loan portfolios and characteristics to critically assess the reasonableness and relevance of the assumptions applied by management.</li> <li>• With the assistance of our credit specialists, developing an auditor's range estimate of the collective provision using reasonable alternative assumptions relevant to the Society's portfolio.</li> <li>• Assessing the reasonableness of the individual provision by testing a selection of loans.</li> <li>• Assessing and challenging the reasonableness and completeness of the PMA added to the collective provision.</li> <li>• Performing credit file reviews and assessing the reasonableness of the collateral value on loans subject to individual impairment and on a sample of loans subject to collective impairment to independently assess the appropriateness of the provisioning and engaging our internal property valuation experts where deemed necessary.</li> <li>• Performing a stand back assessment of the resulting individual, collective and PMA estimates to assess their appropriateness.</li> <li>• Assessing the adequacy of the Society's disclosures in relation to the degree of estimation uncertainty involved in arriving at the provision for impairment losses on loans and advances to customers.</li> </ul> <p><b>Our observations</b></p> <p>Based on the audit procedures performed, we found the resulting estimate of the loan impairment provision as at 31 December 2024 to be reasonable and in compliance with FRS 102.</p>

## Our application of materiality and an overview of the scope of our audit

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 annual account line items and disclosures and in evaluating the effect of misstatements, both individually and 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	£302k (2023: £297k)
How we determined it	1% of net assets (2023: 1% of net assets)
Rationale for benchmark applied	<p>We consider that net assets is the most appropriate benchmark to use for the Society, whose strategy is to provide mortgages, savings products and other financial services for the mutual benefit of members and customers and not one of profit maximisation.</p> <p>Further, the choice of net assets as a benchmark is supported by the fact that regulatory capital is a key benchmark for management and regulators, where net reserves is an approximation of regulatory capital resources.</p>
Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the annual accounts exceeds materiality for the annual accounts as a whole.</p> <p>Performance materiality of £212k (2023: £207k) was applied in the audit based on 70% of overall materiality (2023: 70%).</p> <p>In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatements, and concluded that an amount towards the upper end of our normal range was appropriate.</p>
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £9.0k (2023: £8.9k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the annual accounts, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the annual accounts as a whole. We used the outputs of a risk assessment, our understanding of the Society, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all annual accounts line items.

### Other information

The other information comprises the information included in the annual report and accounts, other than the annual accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

## Opinions on the Annual Business Statement and the Directors' Report

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

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the Building Societies Act 1986;
- the information in the Directors' Report for the financial year is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information on 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 have not identified any material misstatements in the Directors' Report.

## Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Building Societies Act 1986 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society's 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.

## Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 31, the directors are responsible for the preparation of the annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

## Auditor's 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 auditor's 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Society and its industry, we identified that the principal risks of non-compliance with laws and regulations related to regulatory and supervisory requirements of the Prudential Regulatory Authority ('PRA') and the Financial Conduct Authority ('FCA') and anti-money laundering regulations, and we considered the extent to which non-compliance with these laws and regulations might have a material effect on the annual accounts.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance with laws and regulations, our procedures included but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the Society, the industry in which it operates, and considering the risk of acts by the Society which were contrary to the applicable laws and regulations including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the Society is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities, including the PRA and FCA;
- Attending bilateral meeting with the PRA;
- Reviewing minutes of meetings in the year;
- Discussing amongst the engagement team the identified laws and regulations, and remaining alert to any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the annual accounts from our general commercial and sector experience and through discussions with management, from inspection of the Society's regulatory and legal correspondence and review of minutes of meetings of the Board of Directors and Audit, Risk and Compliance Committee during the period and up to the signing date of the accounts.

We also considered those other laws and regulations that have a direct impact on the preparation of annual accounts, such as the Building Societies Act 1986 and UK tax legislation.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the annual accounts, including the risk of management override of controls and risk of fraud on revenue recognition in relation to the use of effective interest rate, and determined that the principal risks related to posting manual journal entries to manipulate financial performance and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Being skeptical to the potential of management bias through judgements and assumptions in significant accounting estimates, in particular in relation to revenue recognition - effective interest rate accounting.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under "Key audit matters" within this report.

A further description of our responsibilities is available on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Other matters which we are required to address**

Following the recommendation of the audit committee, we were appointed by the directors on 22 April 2021 to audit the annual accounts for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is four years, covering the years ended 31 December 2021 to 31 December 2024.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Society and we remain independent of the Society in conducting our audit.

Our audit opinion is consistent with our additional report to the Audit Committee.

#### **Use of the audit report**

This report is made solely to the Society's members as a body in accordance with section 78 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body for our audit work, for this report, or for the opinions we have formed.

#### **Greg Simpson (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP Chartered Accountants and Statutory Auditor**

Forvis Mazars LLP  
30 Old Bailey  
London  
EC4M 7AU

5 March 2025

## Income and Expenditure Account

	Notes	2024 £000	2023 £000
Interest receivable and similar income	2	20,240	18,634
Interest payable and similar charges	3	(13,562)	(11,336)
<b>Net interest income</b>		<b>6,678</b>	<b>7,298</b>
Fees and commissions receivable		35	37
Fees and commissions payable		(96)	(98)
Other operating income		44	49
Net gains/(loss) from derivative financial instruments	4	349	(1)
Change in valuation of investment property	17	6	(12)
<b>Total net income</b>		<b>7,016</b>	<b>7,273</b>
Administrative expenses	5	(6,067)	(5,679)
Depreciation and amortisation	15, 16	(104)	(128)
<b>Operating profit before provisions</b>		<b>845</b>	<b>1,466</b>
Impairment provisions (charge)/release	13	36	(141)
<b>Operating profit</b>		<b>881</b>	<b>1,325</b>
<b>Profit on ordinary activities before tax</b>		<b>881</b>	<b>1,325</b>
Tax on profit on ordinary activities	10	(243)	(342)
<b>Profit for the financial year</b>		<b>638</b>	<b>983</b>

## Statement of Other Comprehensive Income

	Notes	2024 £000	2023 £000
Profit for the financial year		638	983
Gain arising on revaluation of land and buildings	16	-	19
Tax on gain arising on revaluation of land and buildings		-	-
<b>Other comprehensive income</b>		<b>-</b>	<b>19</b>
<b>Total comprehensive income</b>		<b>638</b>	<b>1,002</b>

The notes on pages 43 to 65 are an integral part of these accounts.

## Statement of Financial Position

	Notes	2024 £000	2023 £000
<b>Assets</b>			
Liquid assets			
Cash in hand and balances with Bank of England		64,133	66,881
Loans and advances to credit institutions	11	6,043	11,698
Derivative financial instruments	21	396	833
Loans and advances to customers	12	286,680	298,018
Intangible fixed assets	15	70	120
Tangible fixed assets	16	1,659	1,687
Investment properties	17	876	870
Prepayments and accrued income	9	930	817
<b>Total assets</b>		<b>360,787</b>	<b>380,924</b>
<b>Liabilities</b>			
Shares	18	274,135	283,584
Amounts owed to credit institutions	19	11,804	26,397
Amounts owed to other customers	20	43,376	39,969
Derivative financial instruments	21	156	391
Other liabilities	22	748	679
Deferred tax liability	14	381	355
<b>Total liabilities</b>		<b>330,600</b>	<b>351,375</b>
<b>Reserves</b>			
General reserve		29,767	29,129
Revaluation reserve		420	420
<b>Total reserves attributable to members of the Society</b>		<b>30,187</b>	<b>29,549</b>
<b>Total reserves and liabilities</b>		<b>360,787</b>	<b>380,924</b>

The notes on pages 43 to 65 are an integral part of these accounts.

The financial statements were approved by the Board of Directors on 5 March 2025 and were signed on its behalf by:

**Dick Jenkins**  
Chair

**Chris Potter**  
Chair of the Audit Committee

**Dan Wass**  
Chief Executive Officer

## Statement of Changes in Members' Interests

	Revaluation reserve £000	General reserve £000	Total £000
<b>At 1 January 2023</b>	<b>401</b>	<b>28,146</b>	<b>28,547</b>
Profit for the financial year	-	983	983
Gains arising on revaluation of land and buildings	19	-	19
Tax on gains arising on revaluation of land and buildings	-	-	-
<b>Total comprehensive income</b>	<b>19</b>	<b>983</b>	<b>1,002</b>
<b>At 31 December 2023</b>	<b>420</b>	<b>29,129</b>	<b>29,549</b>
Profit for the financial year	-	638	638
Gains arising on revaluation of land and buildings	-	-	-
Tax on gains arising on revaluation of land and buildings	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>638</b>	<b>638</b>
<b>At 31 December 2024</b>	<b>420</b>	<b>29,767</b>	<b>30,187</b>

Movements in the revaluation reserve relate to changes in the valuation of the freehold land and buildings occupied by the Society.

The notes on pages 43 to 65 are an integral part of these accounts.

## Cash Flow Statement

	Notes	2024 £000	2023 £000
<b>Cash flows from operating activities</b>			
Operating profit for the financial year		881	1,325
Depreciation and amortisation of fixed assets	15,16	104	128
Losses on disposal of tangible fixed assets		-	2
Valuation of investment property	17	(6)	12
Net fair value gains of derivative financial instruments recognised in profit or loss	4	(116)	(1)
Impairment losses on loans and advances to customers	13	(36)	141
		<b>827</b>	<b>1,607</b>
<b>Changes in operating assets and liabilities</b>			
Increase in prepayments and accrued income		(47)	(86)
Increase in accruals		5	701
Decrease in other liabilities		(59)	(188)
Decrease/(increase) in loans and advances to customers		11,696	(20,440)
(Decrease)/increase in shares		(9,609)	21,120
Decrease in amounts owed to credit institutions		(14,375)	(5,000)
Increase in amounts owed to other customers		3,344	8,367
Decrease in loans and advances to credit institutions		2,000	4,500
Tax paid		(93)	(282)
<b>Net cash flows from operating activities</b>		<b>(6,311)</b>	<b>10,299</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible fixed assets		(17)	(87)
Purchase of intangible fixed assets		(9)	(35)
Expenditure on investment properties		-	(14)
<b>Net cash flows from investing activities</b>		<b>(26)</b>	<b>(136)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(6,337)</b>	<b>10,163</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>76,493</b>	<b>66,330</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>70,156</b>	<b>76,493</b>
<b>Reconciliation to cash at bank and in hand:</b>			
Cash in hand and balances with Bank of England		64,133	66,881
Loans and advances to credit institutions repayable on demand	11	6,023	9,612
<b>Cash and cash equivalents</b>		<b>70,156</b>	<b>76,493</b>

The notes on pages 43 to 65 are an integral part of these accounts.

# Notes to the Annual Report and Accounts

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## 1. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below.

### Basis of preparation

The financial statements have been prepared under the historical cost basis modified to include certain items at fair value, and in accordance with the Building Societies Act 1986, the Building Societies (Accounts and Related Provisions) Regulations 1998 and FRS102, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland. The Society has also chosen to apply the recognition and measurement provisions of IAS39 Financial Instruments: Recognition and Measurement.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires the Society's management to exercise judgement in applying the Society's accounting policies. The accounting policies have, unless otherwise stated, been applied consistently to all periods presented in these annual accounts.

### Going concern

The Society prepares detailed forecasts ("Corporate Plan") for a period of at least 12 months from the date of approval of these financial statements. The forecasts reflect the uncertain economic environment, in particular with regards to current inflationary uncertainty and the series of recent decreases in the Bank of England base rate. The Society also models the impact of severe but plausible scenarios on capital and liquidity through stress testing and analysis of changes on key sensitivities. The Board is satisfied that based on empirical evidence, and current market data, the severe but plausible stress scenarios are in fact more severe than that previously or currently experienced by the Society.

These severe but plausible stresses are established and defined in detail during the annual Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP), in line with PRA requirements. Considerations are given to a range of factors, including but not limited to House Price Index (HPI) fluctuations, changes in customer propensity to default, rates of unemployment, interest rate changes and circumstances that may give rise to funding outflows either on an idiosyncratic level or sector wide. The severe but plausible downside scenario was prepared using the following key assumptions;

- Reduction in UK residential property prices by 28%
- Reduction in UK base rate to 0.10%
- Increase in unemployment to 8.5%
- Reduction in value of the Society's own properties by £1m
- The probability of members defaulting on their mortgages increasing by around two and half times

The Board considers that these stress tests also included a scenario that was at least as severe as the Bank of England desk-based stress test published in November 2024.

The Society maintains a surplus over regulatory limits for both capital and liquidity throughout the stresses. The Board, therefore, is satisfied that the Society has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of these financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Interest receivable

Interest income for loans and advances to customers is recognised in "Interest receivable and similar income" using the effective interest rate of the financial asset to which they relate. The effective interest rate is the rate that discounts the expected future cash flows, over the expected life of the financial instrument, to the net carrying amount of the financial asset.

Interest on impaired financial assets is recognised as the original effective interest rate of the financial asset applied to the carrying amount as reduced by an allowance for impairment.

### Fees and commissions

Fees receivable are generally recognised on an accruals basis when all contractual obligations have been fulfilled.

If the fees are an integral part of the effective interest rate of a financial instrument, they are recognised as an adjustment to the effective interest rate and recorded in "Interest receivable and similar income".

Fees payable are recognised on an accruals basis when the service has been provided or on the completion of an act to which the fee relates.

### Derivative financial instruments

In accordance with Section 9a of the Building Societies Act 1986, the Society only uses derivatives to reduce the risk of loss arising from changes in interest rates. Such instruments are not therefore used in trading activity or for speculative purposes. The Society uses standardised International Swaps and Derivatives Association ("ISDA") agreements with other financial institutions to hedge interest rate risk. The ISDA contracts grant legal rights of set off for derivative transactions with the same counterparty. This can reduce potential credit risk where the derivative contracts may be for offsetting values.

## Notes to the Annual Report and Accounts (continued)

### 1. Accounting policies (continued)

Currently, the Society only uses derivatives to hedge interest rate risk through interest rate swap agreements. These are commitments to exchange one set of cash flows for another. No exchange of principal takes place. Interest rate swaps are measured at fair value in the statement of financial position. Fair values are obtained by applying quoted market rates to a discounted cash flow model. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives are recognised immediately in the income and expenditure account within "Net gains/(losses) from derivative financial instruments". However, by applying the hedge accounting rules set out in IAS39, the changes in fair value of derivatives used to hedge particular risks can be offset in the income and expenditure account, within "Net gains/(losses) from derivative financial instruments", against fair value adjustments made to the hedged item in respect of the hedged risk, providing that the derivatives used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items (fixed rate mortgages).

If the hedge no longer meets the hedging criteria the adjustment to the carrying amount of a hedged item is amortised to the income and expenditure account over the remaining life of the previously hedged item.

Changes in fair value of any derivative financial instrument that does not qualify for hedge accounting are recognised immediately in the income and expenditure account within "Net gains/(losses) from derivative financial instruments".

Volatility in the income and expenditure account may still arise to the extent that the hedge relationships are ineffective or because hedge accounting is not achievable. Such volatility is therefore primarily attributable to accounting rules which may not fully reflect the economic reality of the Society's hedging strategy.

Where cash collateral is received to mitigate the risk inherent in amounts due to the Society, it is included as a liability within "Amounts owed to credit institutions". Where cash collateral is given to mitigate the risk inherent in amounts due from the Society, it is included as an asset in "Loans and advances to credit institutions".

#### Corporation tax

Corporation tax is charged at the current rate calculated on the basis of the profit on ordinary activities as adjusted in line with HMRC requirements for taxation purposes.

#### Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on tax rates enacted or substantively enacted at the statement of financial position date.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Retirement benefits

The Society operates a money purchase pension scheme which is open to all permanent employees.

The Society's contributions are charged to the income and expenditure account in the periods which benefit from the employees' services. Accrued contributions are included within "other liabilities" on the statement of financial position.

#### Financial assets

The Society classifies its financial assets at inception into the following categories:

##### Loans and receivables

The Society's loans and advances to customers and liquidity are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted on an active market.

Loans and advances to customers are sums advanced to the Society's borrowers, secured on property or land.

Liquidity includes cash in hand and balances with the Bank of England and loans and advances to credit institutions (sums deposited in instant access accounts or short-term fixed period accounts with high street banks or building societies).

Loans and receivables are initially measured at fair value then are subsequently carried at amortised cost using the effective interest rate method, less any impairment losses other than where adjustments are made as part of a fair value hedging arrangement.

##### Fair value through the income and expenditure account

All derivatives are carried at fair value and are initially recognised at the trade date. Gains and losses from changes in fair value are recognised in the income and expenditure account.

## Notes to the Annual Report and Accounts (continued)

### 1. Accounting policies (continued)

#### Derecognition

The Society derecognises a financial asset when the contractual rights to the cash flows expire, or the rights to receive the cash flows in a transaction where substantially all the risks and rewards of ownership of that financial asset are transferred or where the Society neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (a) the consideration received (including any new asset obtained less any new liability assumed and (b) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the income and expenditure account.

#### Impairment

Throughout the year and at the year end, the Society assesses loans and advances to customers to see if there is objective evidence of any impairment. Individual impairment provisions are made against those loans and advances where there is objective evidence of impairment.

Objective evidence of impairment includes accounts going into arrears, renegotiation of the terms of the loan including granting forbearance and any other information discovered during regular review suggesting significant financial difficulties of the borrower.

If there is objective evidence of impairment an individual impairment provision is made against those mortgage assets. The amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. Within the calculation of future cash flows, account is taken of any discount against the value of the property which may be needed to achieve sale; amounts recoverable under mortgage indemnity policies; and anticipated realisation costs.

Where no objective evidence of impairment exists, the Society groups together financial assets with similar credit risk characteristics and assesses them for impairment. The Society calculates a collective provision on these financial assets, excluding any that have an individual impairment provision against them. The amount of impairment loss is measured by applying expected loss factors based on the Society's experience of default, the effect of movement in house prices and any adjustment for forced sale.

The amount of impairment loss is recognised immediately through the income and expenditure account and a corresponding reduction in the financial asset is recognised through the use of provisions.

The Society's policy in relation to any properties that it has taken into possession is that it will seek their disposal with a view to minimising the losses that it may incur.

Any actual losses incurred are recognised immediately in the income and expenditure account with a corresponding reduction in the value of the financial assets shown in the statement of financial position. Any impairment provision already provided is reversed through the income and expenditure account.

#### Intangible fixed assets

Purchased software that is not an integral part of a related hardware purchase is stated at cost as an intangible asset. Amortisation of such assets is charged to the income and expenditure account on a straight-line basis over their estimated useful lives. The useful life of computer software is between two and five years.

The Society assesses at each reporting date whether any intangible fixed assets are impaired.

#### Tangible fixed assets

Equipment and fixtures and fittings are shown in the statement of financial position at cost less accumulated depreciation.

Land and buildings are revalued annually to fair value less any subsequent accumulated depreciation and impairment losses. Gains or losses arising on the revaluation of the land and buildings are recognised in other comprehensive income and accumulated in the revaluation reserve. Land is not depreciated.

Depreciation is calculated on the following assets under equipment and fixtures and fittings so as to write off the cost over their estimated useful lives on a straight line basis as follows:

Computer hardware	4 years
Office equipment and fixtures	7 years

Gains or losses on disposal are calculated by deducting the asset's carrying value from the proceeds. These are included in the Income and Expenditure Account. The Society assesses at each reporting date whether any tangible fixed assets are impaired.

## Notes to the Annual Report and Accounts (continued)

### 1. Accounting policies (continued)

#### Investment properties

Investment properties are measured initially at cost. After initial recognition, investment properties are carried in the Statement of Financial Position at fair value with the revaluation movement and the related deferred tax recorded in the Income and Expenditure Account. A revaluation is carried out each year.

#### Financial liabilities

All non-derivative financial liabilities, including shares, amounts owed to credit institutions and amounts owed to other customers, are measured at amortised cost with interest recognised using the effective interest rate method.

Financial liabilities are derecognised when the obligation is discharged, cancelled or has expired.

#### Dormant accounts

Under Part 1, section 2 of the Dormant Bank and Building Society Accounts Act 2008 (Alternative Scheme for smaller institutions), it is the policy of the Society to transfer an agreed proportion of the balance of the dormant account to an authorised reclaim fund, with the remainder of the balance being transferred to one or more charitable organisations. The charities must either have a special connection to the Society or use the money for the benefit of members of the local community. Following the transfer, the customer has no further right against the Society for payment of the amount, however, has against the reclaim fund the same right to payment of the account balance as it would have had from the Society had the transfer not happened.

#### Critical accounting estimates and judgements

The Society makes estimates and assumptions that affect the reported amounts of assets and liabilities within the financial year. The most significant areas where estimates and assumptions are made are as follows:

#### Impairment losses on loans and advances to customers

In determining whether an impairment loss should be recorded, the Society is required to exercise a degree of judgement. Impairment provisions are calculated as the difference between the assets' carrying value and the present value of management's estimate of future discounted cash flows. Estimates and assumptions are around the probability of any account going into default (PD), the probability of defaulting accounts progressing to possession, the time taken to complete the sale of properties in possession and the eventual loss incurred in the event of forced sale or write-off. These assumptions are based on credit bureau scores and updated as management considers appropriate to reflect current circumstances.

In determining the level of impairment charge estimates are applied to determine prevailing market conditions, customer behaviour and the length of time to complete the sale of any property in possession and the expected sales proceeds. The accuracy of the impairment provision would therefore be affected by unexpected changes to these assumptions, as follows;

- If forced sale discount applied in our provisioning model increased by 5% the overall provision would increase by £49,014.
- The PD used in the assessment for impairment is dependent on the nature of the loan and the credit score or the arrears severity, if in arrears. If the PD increases by 25%, the collective provision would increase by £29,576.

The UK is continuing to experience economic uncertainty, with geopolitical factors driving some market volatility in the near-term inflation and interest rate outlook. Whilst inflation has decreased from recent highs, sustained cost of living pressures remain significant. The Board acknowledges that the level of loan defaults experienced by the Society may not yet fully reflect the ongoing impact of this and may have driven impairment that has not yet been reported. As a result, the provisioning model may be understating the PD of mortgages held at 31 December 2024. As this PD is used to estimate impairment that has been incurred but not yet identified, which impacts on the level of collective provision, a post model adjustment has been added to compensate for this. The value of the post model adjustment included in the provision at the balance sheet date is £75k (2023: £150k).

#### Technology Transformation Costs

The Society is undergoing a technology transformation, investing in its current supplier to deliver a Cloud Native banking solution on Microsoft Azure. Key judgments have been made regarding the accounting treatment of associated implementation costs, with considerations outlined below:

- The Society does not have control over the core banking software as it cannot restrict others' access nor can it configure the underlying software. The Society is a user of the software as part of a managed service hosted by our supplier.
- The implementation costs meet the definition of configuration and customisation costs.
- The supplier is the sole provider of these services, and the Society cannot procure them separately. They are thus deemed to be non-distinct from the software licence.

Consequently, the Society will recognise these costs as a prepayment, to be expensed over the duration of the service contract.

## Notes to the Annual Report and Accounts (continued)

### 1. Accounting policies (continued)

#### Effective interest rate (EIR)

The Society recognises interest on loans and advances to customers on the basis of their EIR. This is a constant rate that averages out the effect of incentives and fees across the expected life of the loan account. A critical assumption in the calculation is the expected life, as this determines the assumed period over which customers may be paying various differentiated interest rates. The determination of the average life is based on historical data as well as management judgement.

The average life is reassessed at regular intervals to ensure it is still appropriate. Any changes to the average life will create an adjustment to the loan balance in the statement of financial position with a corresponding adjustment to interest receivable in the income and expenditure account.

A 2 month increase in the average life profile would result in an increase in the value of loans and advances to customers on the statement of financial position by approximately £684k.

#### Fair value of derivatives and financial assets

The Society employs the following techniques in determining the fair value of derivatives and financial assets:

- Derivative financial instruments – calculated by discounted cash flow models using yield curves that are based on observable market data. These assets are held by the Society in its management of interest rate risk. Cash flows for swap derivatives are calculated taking into consideration known characteristics of the swap (i.e. maturity date, nominal value, interest rates for fixed and variable rate legs, etc.) Cash flows are subsequently discounted using the swaps designated interest rate i.e. SONIA. Variable leg cash flows are calculated using the latest yield curve data obtained via a third-party.

#### Property valuation

Land and buildings and investment property are measured at fair value with a valuation exercise carried out annually by an independent external valuer in accordance with the RICS Valuation - Global Standards (the “Red Book”) effective from 31 January 2022. The Society considers the methodology and assumptions used by the independent external valuer to be supportable, reasonable and robust. The final valuation may be different to one that would have been used had there been a ready market for an identical property.

### 2. Interest receivable and similar income

	2024 £000	2023 £000
On loans fully secured on residential property	15,191	14,061
On other loans	134	125
On other liquid assets	4,144	3,137
On derivative financial instruments	771	1,311
	<b>20,240</b>	<b>18,634</b>

### 3. Interest payable and similar charges

	2024 £000	2023 £000
On shares held by individuals	11,271	8,989
On deposits and other borrowings	2,291	2,347
	<b>13,562</b>	<b>11,336</b>

## Notes to the Annual Report and Accounts (continued)

### 4. Net gain/(loss) from derivative financial instruments

	2024 £000	2023 £000
Derivatives in designated fair value hedge relationships	(212)	(1,484)
Adjustments to hedged items in fair value hedge relationships	320	1,435
Derivatives not in fair value hedge relationships	241	48
	<b>349</b>	<b>(1)</b>

The net gain from derivative financial instruments of £349k (2023: net loss £1k) includes a gain of £233k (2023: £Nil) which was recognised on the cancellation of certain interest rate swap contracts.

Some accounting volatility arises on these items due to accounting ineffectiveness on designated hedges, or because hedge accounting is not achievable on certain items. The movement is primarily due to timing differences in income recognition between derivative financial instruments and the hedged assets. This gain or loss will trend to zero over time and this is taken into account by the Board when considering the Society's underlying performance.

### 5. Administrative expenses

	2024 £000	2023 £000
Employee costs		
Wages and salaries	3,081	2,870
Social security costs	339	315
Other pension costs	188	178
	<b>3,608</b>	<b>3,363</b>
IT costs and maintenance	1,147	1,002
Other administrative expenses	1,312	1,314
	<b>2,459</b>	<b>2,316</b>
	<b>6,067</b>	<b>5,679</b>

Administrative expenses above include the following auditor's remuneration (exclusive of VAT and disbursements):

	2024 £000	2023 £000
Audit of financial statements	156	149
Audit related assurance services	2	-
	<b>158</b>	<b>149</b>

There were no operating lease charges in 2024 (2023: £Nil).

### 6. Staff numbers

The average number of persons employed in Head Office during the year (including executive directors) was:

	2024	2023
Full time	44	44
Part time	6	6
	<b>50</b>	<b>50</b>

### 7. Remuneration of Directors

Directors' remuneration totalled £604k (2023: £558k). Full details are given in the Directors' Remuneration Report on page 30. The Society's Directors are considered to be its key management personnel.

## Notes to the Annual Report and Accounts (continued)

### 8. Transactions with directors, connected persons and related businesses

At 31 December 2024 there were no (2023: £Nil) outstanding mortgage loans granted in the ordinary course of business to any Director or their connected persons.

	2024			2023		
	Number of Directors and their close family members	Balance outstanding in respect of Directors and their close family members £000	Interest received by Directors and their close family members £000	Number of Directors and their close family members	Balance outstanding in respect of Directors and their close family members £000	Interest received by Directors and their close family members £000
Shares	8	79	3	8	70	2

A register is maintained at the Head Office of the Society, in accordance with section 68 of the Building Societies Act 1986, which shows details of all outstanding loans, transactions and arrangements with the Directors and their connected persons. A statement of the appropriate details contained in the Register, for the financial year ended 31 December 2024, will be available for inspection at the AGM and at the Society's Head Office for a period of 15 days up to and including the AGM.

In accordance with section 69 of the Building Societies Act 1986 the Society maintains a Register of Relevant Services of a Related Business. No fees were paid in 2024 (2023: £Nil).

### 9. Prepayments and accrued income

	2024 £000	2023 £000
<b>Prepayments</b>		
IT	788	594
Other	110	98
	<b>898</b>	<b>692</b>
<b>Accrued income</b>	30	125
	<b>928</b>	<b>817</b>

### 10. Tax on profit on ordinary activities

	2024 £000	2023 £000
<b>Current tax</b>		
Tax charge for the year comprises:		
Corporation tax at 25% (2023: 23.52%)	219	288
Tax related to prior year	3	-
Total current tax charge for year	<b>222</b>	<b>288</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	22	54
Under provision from previous year	(1)	-
Effect of change in tax rate	-	-
<b>Total tax</b>	<b>243</b>	<b>342</b>

## Notes to the Annual Report and Accounts (continued)

### 10. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

	2024 £000	2023 £000
Profit on ordinary activities before tax	883	1,325
Tax on profit on ordinary activities at UK standard rate of 25% (2023: 23.52%)	216	313
Effect of change in tax rate	-	3
Capital allowances in excess of depreciation	24	24
Disallowable expenses	1	2
Over provision from previous year	2	-
<b>Current tax charge for the year</b>	<b>243</b>	<b>342</b>

The standard rate of Corporation Tax in the UK was 25% and accordingly the Society's profits have been taxed at this effective rate (2023: 23.52%). Deferred tax has been measured based on the substantively enacted rate of 25%. Further details on deferred tax are included in Note 14.

There are no tax reported through the statement of other comprehensive income.

### 11. Loans and advances to credit institutions

	2024 £000	2023 £000
Accrued interest	20	86
Repayable on demand	6,023	9,612
Not more than three months	-	1,000
Three months to one year	-	1,000
	<b>6,043</b>	<b>11,698</b>

### 12. Loans and advances to customers

	2024 £000	2023 £000
Loans fully secured on residential property	284,834	295,884
Loans fully secured on land	1,846	2,134
	<b>286,680</b>	<b>298,018</b>

Fair value hedging adjustments of £173k (2023: £493k) have been made to certain fixed rate mortgages that are in a fair value hedging relationship.

## Notes to the Annual Report and Accounts (continued)

### 12. Loans and advances to customers (continued)

The maturity of loans and advances to customers from the date of the statement of financial positions is as follows:

	2024 £000	2023 £000
Repayable on demand	1,205	1,414
In not more than three months:	2,177	1,160
In more than three months but not more than one year:	4,125	4,237
In more than one year but not more than five years:	37,784	37,606
More than five years:	241,611	254,233
	286,902	298,650
Effective interest rate adjustment	234	196
Fair value adjustment for hedged risk	(173)	(493)
Less individual impairment provision	(104)	(64)
Less collective impairment provision	(179)	(271)
	<b>286,680</b>	<b>298,018</b>

### 13. Impairment provisions

	2024			2023		
	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
As at 1 January						
Individual impairment	64	-	64	18	-	18
Collective impairment	270	1	271	175	1	176
Charge/(release) for the year						
Individual impairment	36	-	36	47	-	47
Collective impairment	(96)	5	(91)	94	-	94
At 31 December						
Individual impairment	104	-	104	64	-	64
Collective impairment	173	6	179	270	1	271
As at 31 December	<b>277</b>	<b>6</b>	<b>283</b>	<b>334</b>	<b>1</b>	<b>335</b>

## Notes to the Annual Report and Accounts (continued)

### 14. Deferred taxation

	2024 £000	2023 £000
Deferred taxation comprises:		
Depreciation in excess of capital allowances	111	113
Other timing differences	-	(22)
Property revaluation	270	264
Deferred tax liability	381	355
Movement in deferred taxation		
At 1 January	355	304
Income and expenditure account	26	51
Statement of other comprehensive income	-	-
At 31 December	<b>381</b>	<b>355</b>

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred taxation is recognised at the substantively enacted tax rate of 25% (2023: 25%).

### 15. Intangible fixed assets

	2024 £000	2023 £000
<b>Cost</b>		
At 1 January	586	552
Additions	9	35
Disposals at cost	-	-
At 31 December	<b>595</b>	<b>587</b>
<b>Amortisation</b>		
At 1 January	466	397
Charged in year	59	70
On disposals	-	-
At 31 December	<b>525</b>	<b>467</b>
<b>Net book value</b>	70	120

Intangible fixed assets consist entirely of purchased software that is not an integral part of a related hardware purchase.

## Notes to the Annual Report and Accounts (continued)

### 16. Tangible fixed assets

	Land and buildings £000	Equipment, fixtures and fittings £000	Total £000
<b>Cost or valuation</b>			
At 1 January 2024	1,530	375	1,905
Additions	-	17	17
Disposals at cost	-	-	-
At 31 December 2024	<b>1,530</b>	<b>392</b>	<b>1,922</b>
<b>Depreciation</b>			
At 1 January 2024	-	218	218
Charged in year	-	45	45
Revaluation	-	-	-
Disposals	-	-	-
At 31 December 2024	-	<b>263</b>	<b>263</b>
<b>Net book value</b>			
At 31 December 2024	<b>1,530</b>	<b>129</b>	<b>1,659</b>
At 31 December 2023	1,530	157	1,687

Freehold land and buildings were valued at £1,530,000 as per the valuation report dated 31 December 2024 by Mr R Currie BSc, FRICS, RICS Registered Valuer, on behalf of the Frost Partnership, Property Consultants. The valuation is based on fair value as originally stated under FRS102 as amended by the RICS Valuation - Global Standards (the "Red Book") published by the Royal Institute of Chartered Surveyors and effective from 31 January 2022.

### 17. Investment properties

	2024 £000	2023 £000
At 1 January 2024	870	870
Additions	-	14
Revaluation	6	(14)
At 31 December 2024	<b>876</b>	<b>870</b>
<b>Net book value</b>		
	<b>876</b>	<b>870</b>

Investment properties, which are all freehold, were revalued at £876,000 (2023: £870,000) as per the valuation report dated 31 December 2024 by Mr R Currie BSc, FRICS, RICS Registered Valuer, on behalf of the Frost Partnership, Property Consultants. The valuation is based on market value in accordance with the RICS Global Standards January 2022 Edition (the "Red Book") published by the Royal Institute of Chartered Surveyors. In determining the market value of the investment properties, fair value is estimated using the market valuation approach which uses prices and other relevant information generated by market transactions involving comparable properties. Where comparable transactions may not be available, a discounted cash flow technique may be used which considers the present value of the net cash flows to be generated from the property.

Investment properties are let under operating leases.

## Notes to the Annual Report and Accounts (continued)

### 17. Investment properties (continued)

The rental income earned during the year was £44k (2023: £49k). No contingent rents have been recognised as income in the current or prior year. This is accounted for on an accruals basis within "Other operating income" in the Income and Expenditure Account.

At the statement of financial position date the Society had contracted with tenants for the following future minimum lease payments:

	2024 £000	2023 £000
Within one year	14	30
In the second to fifth years inclusive	46	46
After five years	35	35

### 18. Shares held by individuals

Shares are repayable from the statement of financial position date in the ordinary course of business as follows:

	2024 £000	2023 £000
Accrued interest	761	601
Repayable on demand	109,712	112,888
In not more than three months	32,178	20,275
In more than three months but not more than one year	94,409	88,875
In more than one year but not more than five years	37,075	60,945
	<b>274,135</b>	<b>283,584</b>

In 2024 a transfer of monies was made under Part 1, section 2 of the Dormant Bank and Building Society Accounts Act 2008 (Alternative Scheme for smaller institutions). In 2024, no amount was transferred to the Heart of Bucks Community Foundation (2023: 60k), a registered charity supporting communities throughout Buckinghamshire.

### 19. Amounts owed to credit institutions

Amounts owed to credit institutions are repayable from the statement of financial position date in the ordinary course of business as follows:

	2024 £000	2023 £000
Accrued interest	179	397
In not more than three months	-	-
In more than three months but not more than one year	-	-
In more than one year but not more than five years	11,625	26,000
	<b>11,804</b>	<b>26,397</b>

Included in the amounts above is £11.6m (2023: £26m) borrowed from the Bank of England under the Term Funding Scheme with additional incentives for SMEs (TFSME). Security, in the form of collateralised mortgages, has been pledged for this.

## Notes to the Annual Report and Accounts (continued)

### 20. Amounts owed to other customers

Amounts owed to other customers are repayable from the statement of financial position date in the ordinary course of business as follows:

	2024 £000	2023 £000
Accrued interest	98	35
Repayable on demand	16,623	15,069
In not more than three months	9,664	7,511
In more than three months but not more than one year	16,141	17,332
In more than one year but not more than five years	850	22
	<b>43,376</b>	<b>39,969</b>

### 21. Derivative financial instruments

	Notional amount £000	Fair value - assets £000	Fair value - liabilities £000
<b>Derivatives</b>			
At 31 December 2024			
Unmatched derivatives - interest rate swaps	15,600	66	(20)
Derivatives designated as fair value hedges - interest rate swaps	48,000	330	(136)
	<b>63,600</b>	<b>396</b>	<b>(156)</b>
At 31 December 2023			
Unmatched derivatives - interest rate swaps	-	-	-
Derivatives designated as fair value hedges - interest rate swaps	56,000	833	(391)
	<b>56,000</b>	<b>833</b>	<b>(391)</b>

### 22. Other liabilities

	2024 £000	2023 £000
Corporation tax	219	90
Creditors	184	95
Accruals	345	494
	<b>748</b>	<b>679</b>

### 23. Financial instruments

A financial instrument is a contract that gives rise to a financial asset or financial liability. Buckinghamshire Building Society is a retailer of financial instruments in the form of mortgage and savings products. The Society uses wholesale financial instruments to invest in liquid assets, raise wholesale funding and to manage the risks arising from its operations.

The Society has a formal structure for managing risk, including established risk limits, reporting lines, mandates, credit risk appetite and other control procedures. The Board Risk Committee (BRC) is tasked with managing the Society's overall exposure to risk. The Executive Committee (ExCo) is a management committee that meets on a monthly basis. ExCo provides detailed examination of individual areas of risk and reports back to the Board Risk Committee at least quarterly.

The Board Assets & Liabilities Committee (ALCO) reviews treasury and statement of financial position risk related activities. ExCo examines market movements to discern changes required to the Society's product range.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

Key performance indicators are provided to the Board on a monthly basis.

Instruments used for risk management purposes include derivative financial instruments (derivatives), which are contracts whose value is derived from one or more underlying price, rate or index inherent in the contract or agreement, such as interest rates, exchange rates or stock market indices.

The objective of the Society in using derivatives is in accordance with the Building Societies Act 1986 and is to limit the extent to which the Society will be affected by changes in interest rates. Derivatives are not used in trading activity or for speculative purposes.

The derivatives used by the Society in managing its statement of financial position risk exposures are interest rate swaps. These are used to protect the Society from exposures arising principally from fixed rate mortgage lending. An interest rate swap is a contract to exchange one set of interest rate cash flows for another. Such swaps result in the economic exchange of interest rates. No exchange of principal takes place. Instead, interest payments are based on notional principal amounts agreed at inception of the swap. The duration of the interest rate swap is generally short to medium term and its maturity profile reflects the exposures arising from the underlying business activities.

The Society applies fair value hedging techniques to reduce its exposure to interest rates as follows:-

Activity	Risk	Fair value interest rate hedge
Fixed rate mortgage	Increase in interest rates	Society pays fixed, receives variable

The fair value of these hedges at 31 December is shown in note 21.

Summary terms and conditions and accounting policies of financial instruments:

Financial instrument	Terms and conditions	Accounting policy
Cash in hand, balances with Bank of England and loans and advances to credit institutions	Fixed or SONIA/Bank of England base rate linked interest rate Fixed term Short to medium term maturity	Loans and receivables at amortised cost, accounted for at settlement date
Loans and advances to customers	Secured on residential property or land Standard contractual term of up to 40 years Fixed or variable rate of interest	Loans and receivables at amortised cost, accounted for at settlement date
Shares	Variable term Fixed or variable interest rates	Amortised cost, accounted for at settlement date
Amounts owed to credit institutions	Fixed or SONIA/Bank of England base rate linked interest rate Fixed term Short to medium term maturity	Amortised cost, accounted for at settlement date
Amounts owed to other customers	Variable term Fixed or variable interest rates	Amortised cost, accounted for at settlement date
Derivative financial instruments	Fixed interest paid converted to variable interest received Based on the notional value of the derivative	Fair value through profit and loss, accounted for at trade date

Financial assets and liabilities are measured on an on-going basis either at fair value or at amortised cost. Note 1: "Accounting policies" describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

#### Financial assets and liabilities carried at fair value

Fair value is the value for which an asset or liability could be exchanged or settled between knowledgeable willing parties in an arm's length transaction.

The Society measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: quoted prices (unadjusted) in active markets for identical instruments.
- Level 2: valuation techniques for which all significant inputs are based on observable market data.
- Level 3: valuation techniques for which significant inputs are not based on observable market data.

Where applicable, the Society measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions take place with sufficient frequency and volume to provide pricing information on an ongoing basis. For all other financial instruments, the Society determines fair values using other valuation techniques.

The table summarises the fair values of the Society's financial assets and liabilities that are accounted for at fair value:

	Notes	2024 £000	2023 £000
<b>Financial assets</b>			
Derivative financial instruments			
Interest rate swaps	21	396	833
		<b>396</b>	<b>833</b>
<b>Financial liabilities</b>			
Derivative financial instruments			
Interest rate swaps	21	156	391
		<b>156</b>	<b>391</b>

The main valuation techniques employed by the Society to establish fair value of the financial instruments disclosed above are set out below:-

#### Interest rate swaps – Level 2

The valuation techniques applied are swap models using present value calculations. The models incorporate various assumptions including interest rate curves for SONIA which match the timing of the cash flow and maturity of the swaps. The interest rate curves have been derived from quoted interest rates.

#### Credit risk

Credit risk is the risk that the Society incurs a financial loss arising from the failure of a customer or counterparty to meet their contractual obligations. The Society structures the level of credit risk it undertakes by maintaining a credit governance framework involving delegated approval authority levels and credit procedures, the objective of which is to build and maintain risk asset portfolios of high quality.

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

	2024 £000	2023 £000
<b>Credit risk exposure</b>		
Cash in hand and balances with Bank of England	64,133	66,881
Loans and advances to credit institutions	6,043	11,698
Derivative financial instruments	396	833
Loans and advances to customers	286,680	298,018
<b>Total balance sheet exposure</b>	<b>357,252</b>	<b>377,430</b>
Off balance sheet exposure - mortgage commitments	15,300	12,696
	<b>372,552</b>	<b>390,126</b>

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

#### a) Loans and advances to credit institutions, debt securities and derivative financial instruments

ALCO is responsible for approving treasury counterparties for both derivatives and investment purposes. Limits are placed on the amount of risk accepted in relation to a counterparty, or group of counterparties, and to industry sectors. This is monitored daily by the Society's Finance team and reviewed quarterly by ALCO.

The Society's policy only permits lending to central government (which includes the Bank of England), UK local authorities, banks and building societies.

An analysis of the Society's treasury asset concentration is shown in the tables below:

	2024 £000	2024 %	2023 £000	2023 %
<b>Industry sector</b>				
Banks	6,044	8.6%	9,643	12.3%
Building Societies	-	0.0%	2,055	2.6%
Central Government	64,132	91.4%	66,881	85.1%
	<b>70,176</b>	<b>100.0%</b>	<b>78,579</b>	<b>100.0%</b>

	2024 %	2023 %
<b>Rating</b>		
AA	-	-
AA-	92.7%	86.1%
A+	7.3%	11.3%
A	-	-
Other	-	2.6%
	<b>100.0%</b>	<b>100.0%</b>

	2024 £000	2023 £000
<b>Geographic region</b>		
United Kingdom	70,176	78,579
	<b>70,176</b>	<b>78,579</b>

'Other' relates to investments in unrated building societies and unrated banks.

The Society has no exposure to foreign exchange risk. All instruments are denominated in Sterling.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

The Society's derivative financial assets are analysed in the table below:

	2024	2023
	%	%
<b>Rating</b>		
AA	-	-
AA-	100.0%	100.0%
	<b>100.0%</b>	<b>100.0%</b>

	2024	2023
	£000	£000
<b>Geographic region</b>		
United Kingdom	396	833
	<b>396</b>	<b>833</b>
Notional value of derivative financial instruments	63,600	56,000

There are no impairment charges against any of the Society's treasury assets at 31 December.

#### b) Loans and advances to customers

All mortgage loan applications are assessed with reference to the Society's retail credit risk appetite statement and Board approved lending policy, which includes assessing applicants for potential fraud risk. When deciding on the overall risk appetite that the Society wishes to adopt, both numerical and non-numerical considerations are taken into account, along with data on the current UK economic climate, portfolio information and competitor activity. The statement must comply with all the prevailing regulatory policy and framework.

The lending portfolio is monitored by the ExCo to ensure that it remains in line with the stated risk appetite of the Society.

All mortgage applications are underwritten individually on a case-by-case basis ensuring that they meet the lending policy rules which support the risk appetite of the Society. All mortgage applications will be overseen by the Head of Underwriting who ensures that all lending criteria have been applied and that all information submitted within the application is validated.

Credit risk management information is circulated to the ExCo on a monthly basis to ensure the portfolio remains within the Society's risk appetite.

It is the Society's policy to ensure good customer outcomes and lend responsibly by ensuring that the customer can meet the mortgage repayments. This is achieved by obtaining specific information from the customer concerning income and expenditure and also credit reference agency data.

The maximum credit exposure is disclosed in the table on page 57.

Loans and advances to customers, net of impairment provisions, are shown in the tables below:

	2024	2024	2023	2023
	£000	%	£000	%
Residential mortgages - owner occupied	224,375	78.3%	237,590	79.7%
Residential mortgages - buy-to-let	60,175	21.0%	58,291	19.6%
Commercial mortgages	2,130	0.7%	2,137	0.7%
	<b>286,680</b>	<b>100.0%</b>	<b>298,018</b>	<b>100.0%</b>

The Society operates throughout England and Wales.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

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

	2024	2023
	%	%
Outer Metropolitan Area	18.3%	18.5%
Greater London	20.5%	20.5%
Outer South East	15.3%	15.2%
South West	12.7%	12.6%
North West	6.3%	6.8%
West Midlands	6.7%	7.0%
East Anglia	3.4%	3.9%
East Midlands	6.2%	5.6%
Yorkshire and Humberside	5.7%	5.2%
Wales	3.0%	3.0%
North	1.9%	1.7%
	<b>100.0%</b>	<b>100.0%</b>

The Society's low risk approach to lending 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 Building Society regional House Price Index.

An analysis of the Society's indexed LTV profile is shown in the table below:

	2024	2023
	£000	£000
< 50%	45.6%	46.2%
50% - 60%	14.6%	13.8%
60% - 70%	15.9%	15.5%
70% - 80%	10.7%	12.4%
80% - 90%	8.5%	7.3%
90% - 100%	4.0%	3.6%
> 100%	0.7%	1.2%
	<b>100.0%</b>	<b>100.0%</b>
Average LTV mortgage loans	53.2%	53.0%
Average LTV new business	68.3%	57.3%

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

The quality of the Society's mortgage book is reflected in the number and value of accounts in arrears. By volume 1.0% (2023: 1.1%) of loans are three months or more in arrears and by value it is 1.3% (2023: 1.2%).

The table below provides information on mortgage loans by payment due status:

	2024 £000	2024 %	2023 £000	2023 %
<b>Not impaired</b>				
Neither past due nor impaired	276,801	96.6%	288,899	97.0%
Past due up to three months but not impaired	1,573	0.5%	1,620	0.5%
Past due over three months but not impaired	-	-	-	-
Possessions	-	-	-	-
	278,374	97.1%	290,519	97.5%
<b>Impaired</b>				
Current	1,315	0.5%	756	0.3%
Past due up to three months	2,816	1.0%	3,039	1.0%
Past due three to six months	2,214	0.8%	1,550	0.5%
Past due six to twelve months	381	0.1%	652	0.2%
Past due over twelve months	1,246	0.4%	1,111	0.4%
Possessions	334	0.1%	391	0.1%
	8,306	2.9%	7,499	2.5%
	<b>286,680</b>	<b>100.0%</b>	<b>298,018</b>	<b>100.0%</b>

The table below shows the collateral held against the residential loan portfolio:

	Indexed £000	Unindexed £000	Indexed £000	Unindexed £000
Current	759,373	651,551	785,548	682,121
Past due	26,601	18,675	28,034	19,963
	<b>785,974</b>	<b>670,226</b>	<b>813,582</b>	<b>702,084</b>

The collateral consists of property. The collateral values of the mortgage portfolio are updated on a quarterly basis using the Nationwide Building Society regional House Price Index.

With collateral capped to the amount of outstanding debt, the value of collateral held against loans "Past due but not impaired" at 31 December 2024 is £1,573k (2023: £1,620k) against outstanding debt £1,573k (2023: £1,620k). In addition, the value of collateral held against "Impaired" assets at 31 December 2024 is £8,306k (2023: £7,499k) against outstanding debt of £8,306k (2023: £7,499k).

Mortgage indemnity insurance acts as additional security. It is taken out for residential loans where the borrowing exceeds 80% of the value of the property at the point of application.

The status "Past due up to three months but not impaired" and "past due over three months but not impaired" includes any asset where a payment due is received late or missed but no individual provision has been allocated. The amount included is the entire loan amount rather than just the overdue amount.

Possession balances represent those loans where the Society has taken ownership of the underlying security pending its sale. Repossessed properties are made available for sale in accordance with statutory guidelines with proceeds used to reduce or repay the outstanding loan. Any collateral surplus on the sale of repossessed properties, after a deduction for costs incurred in relation to the sale, would be returned to the borrower.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

#### Forbearance

The Society has various forbearance options to support customers who may find themselves in financial difficulty. These include payment plans, capitalisations, term extensions, temporary transfer to interest only and reduced payment concessions.

All forbearance arrangements are formally discussed with the customer and reviewed prior to acceptance of the forbearance arrangement. By offering customers in financial difficulty the option of forbearance the Society potentially exposes itself to an increased level of risk through prolonging the period of non-contractual payment and/or potentially placing the customer into a detrimental position at the end of the forbearance period.

Regular monitoring of the level and different types of forbearance activity are reported on a monthly basis. In addition, all forbearance arrangements are reviewed and discussed with the customer on a regular basis to assess the ongoing potential risk to the Society and suitability of the arrangement for the customer.

At the end of December 2024, the Society had forbearance measures in place with 30 customers (2023: 30).

An individual impairment provision of £Nil (2023: £Nil) has been provided for cases in forbearance.

In total £1,467k (2023: £1,302k) of forbearance cases are past due by three or more months against outstanding balances of £4,034k (2023: £5,496k).

#### Liquidity risk

Liquidity risk is the risk that the Society will not have sufficient financial resources available to meet its obligations as they fall due, under either normal business conditions or a stressed environment. It is the Society's policy that an appropriate amount of its total assets are carried in the form of cash and other readily realisable assets in order to:

- Meet day-to-day business needs;
- Meet any unexpected cash needs;
- Maintain public confidence; and
- Ensure maturity mismatches are provided for.

Monitoring of liquidity, in line with the Society's prudent policy framework, is performed daily. Compliance with these policies is reported to ALCO quarterly.

The Society's liquidity policy is designed to ensure that the Society has sufficient liquid resources to withstand a range of stressed scenarios. A series of liquidity stress tests have been developed as part of the Society's Internal Liquidity Adequacy Assessment Process (ILAAP). They include scenarios that fulfil the specific requirements of the PRA (the granular, benchmark and enhanced stress tests) and scenarios identified by the Society which are specific to its business model. The stress tests are performed at least quarterly and reported to ALCO to confirm that liquidity policy remains appropriate.

The Society's liquid resources comprise high quality liquid assets, including a Bank of England reserve account and time deposits. The Society maintains a contingency funding plan to ensure that it has so far as possible, sufficient liquid financial resources to meet liabilities as they fall due under each of the scenarios.

Society assets can be used to support collateral requirements for secured funding or central bank operations. Encumbrance benefits the Society as it can provide cheaper and more stable funding. However, depositor members and other senior unsecured creditors are unable to benefit from the liquidation of encumbered assets in the event of insolvency, and risk bearing losses from a forced sale. Encumbrance is therefore reported and the associated risks are managed.

An analysis of Encumbered Assets at 31 December 2024 and 2023 is set out in the table below:

	2024 £000	2023 £000
Loans and advances to customers	55,189	68,808
	<b>55,189</b>	<b>68,808</b>

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

Financial assets are pledged as collateral to the Bank of England to support the borrowings from the Term Funding Scheme with additional incentives for SMEs (TFSME) and also to support contingent liquidity drawings if required.

The following is an analysis of gross contractual cash flows payable under financial liabilities:

	On demand £000	Not more than 3 months £000	More than 3 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
<b>At 31 December 2024</b>						
Shares	109,573	47,147	90,914	32,431	-	280,065
Amounts owed to credit institutions	-	179	11,869	-	-	12,048
Amounts owed to other customers	16,429	11,082	15,221	906	-	43,638
Total financial liabilities	126,002	58,408	118,004	33,337	-	335,751
Off balance sheet exposure - mortgage commitments	15,300	-	-	-	-	15,300
	<b>141,302</b>	<b>58,408</b>	<b>118,004</b>	<b>33,337</b>	<b>-</b>	<b>351,051</b>
<b>At 31 December 2023</b>						
Shares	112,739	40,396	92,125	42,886	2,207	290,353
Amounts owed to credit institutions	-	397	552	23	-	972
Amounts owed to other customers	14,771	7,505	17,981	26,251	-	66,508
Total financial liabilities	127,510	48,298	110,658	69,160	2,207	357,833
Off balance sheet exposure - mortgage commitments	12,696	-	-	-	-	12,696
	<b>140,206</b>	<b>48,298</b>	<b>110,658</b>	<b>69,160</b>	<b>2,207</b>	<b>370,529</b>

The analysis of gross contractual cash flow differs from the analysis of residual maturity due to the inclusion of interest accrued at current rates, for the average period until maturity on the amounts outstanding at the statement of financial position date.

Off balance sheet exposure – mortgage commitments pertain to amounts payable on demand for undrawn loan commitments and have been included accordingly.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices consists of three types of risk: currency risk, interest rate risk and other price risk. Of these, only interest rate risk is significant for the Society. The Society only deals with products denominated in sterling so is not directly exposed to currency risk. Its products are only interest rate orientated so are not exposed to other pricing risks.

The Society is exposed to interest rate risk in the form of changes (or potential changes) in the general level of interest rates, changes in the relationship between short and long-term interest rates and divergence of interest rates for different statement of financial position elements (basis risk).

The Society has adopted the “Matched” approach to interest rate risk, as defined by the PRA, which aims to match the interest rate profile of both its assets and liabilities within tight limits set by the Board, and only to the extent that the PRA is satisfied that the Society has the requisite risk management capability. Regular monitoring of both the interest rate gap and the basis risk are reported to ALCO on a quarterly basis.

The Society also monitors the sensitivity of its interest rate risk based on a full statement of financial position gap analysis. The statement of financial position is subjected to a stress test of a 200 basis point (bp) parallel rise in the SONIA yield curve which is performed monthly and reported to ALCO on a quarterly basis.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

The following table shows a summary of the Society's interest rate risk exposure. The table includes all assets and liabilities, including derivative financial instruments which are used solely to reduce exposure to interest rate risk, categorised by repricing date.

	2024	2023
	£000	£000
<b>Sensitivity of reported reserves to interest rate movement (economic value)</b>		
As at 31 December	(421)	(23)
Average for period	(192)	(341)
Maximum for period	214	(23)
Minimum for period	(757)	(494)

### Capital

The Society has a policy to maintain a strong capital base to ensure Member, creditor and market confidence are maintained and to support long term sustainable growth.

The Society prepares an Internal Capital Adequacy Assessment Process (ICAAP), which focuses on ensuring the capital resources of the Society are sufficient to support its plan both in normal and stressed conditions. The ICAAP is aligned to the strategic plan and the combination of both ICAAP and strategic plan ensure that the Society maintains sufficient capital to support its planned business objectives. The Board monitors the Society's capital position on a regular basis to assess whether adequate capital is held to mitigate the risks it faces in the course of its business activities. The Society's actual and expected capital position is reviewed against a Board agreed risk appetite measure which aims to maintain capital at a level that exceeds, but is no lower than, its Total Capital Requirement.

The Society manages its capital and risk exposures to maintain the capital in line with regulatory requirements which includes monitoring of:-

- Lending decisions  
In order to manage credit risk a comprehensive set of sectoral limits are maintained in the Society's lending policy. Individual property valuations are monitored against the Nationwide house price index (HPI);
- Concentration risk  
The overall mix of the loan portfolio is taken into account when designing lending products. This is to manage the Society's exposure to risks arising from the markets the Society actively operates in;
- Counterparty risk  
Wholesale lending is only carried out with approved counterparties within Board agreed limits that reflect the Society's risk appetite.

Stress tests are also used as part of the process of managing capital requirements.

The Society's capital requirements are set and monitored by the PRA. During 2024 the Society has continued to comply with the European Union Capital Requirements Regulation and Directive (Basel III) as amended by the PRA.

Regulatory capital is split into two tiers:-

- Tier 1 capital made up of retained earnings, revaluation reserve less intangible assets and other regulatory adjustments; and
- Tier 2 capital which is the collective impairment provision.

The level of capital is matched against risk-weighted assets which are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets.

There were no reported breaches of capital requirements during the year. There have been no material changes in the Society's management of capital during the year.

## Notes to the Annual Report and Accounts (continued)

### 23. Financial instruments (continued)

The Society's regulatory positions as at 31 December 2024 under the Standardised Approach (unaudited) was as follows:

	2024 £000	2023 £000
<b>Tier 1 capital</b>		
Reserves	30,187	29,549
Less Intangible fixed assets	(70)	(120)
Other regulatory adjustments		
	30,117	29,429
<b>Tier 2 capital</b>		
Collective impairment provision	179	271
	179	271
<b>Regulatory capital</b>	<b>30,296</b>	<b>29,700</b>

### 24. Guarantees and other financial commitments

#### Capital commitments

As at 31 December 2024 the Society had capital commitments or contracted capital expenditure of £Nil (2023: £Nil).

#### Lease commitments

As at 31 December 2024 the Society had lease commitments of £Nil (2023: £Nil).

#### Other commitments

The society has entered to contractual commitments in relation to our transformational project, as set out below:

	2024 £000	2023 £000
Within one year	153	-
In the second to fifth years inclusive	497	-
	<b>649</b>	-

### 25. Country-by-Country reporting

The Capital Requirements (Country-by-Country reporting) Regulations 2013 introduced reporting obligations for institutions within the scope of the European Union's Capital Requirements Directive (CRD IV).

Article 89 of the CRD IV requires credit institutions and investment firms in the EU to disclose annually, specifying by Member State and by third country in which it has an establishment, the following information for the year ended 31 December 2024:

No detailed country by country reporting is being provided due to the information given in point a) below.

- The Buckinghamshire Building Society, which is a deposit taking and secured home finance lending entity, has all of its operation based in England and its statement of financial position entirely denominated in Sterling.
- The number of employees is disclosed in note 6 of the accounts.
- Turnover and pre-tax profit are disclosed in the Income and Expenditure Account on page 39.
- Corporation tax paid is disclosed in the Cash Flow Statement on page 42.

The Society has not received any public subsidies.

## Glossary of Terms

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Set out below are the definitions of the terms used within the Annual Report and Accounts to assist the reader and to facilitate comparison with other financial institutions:

### **Basis point**

One hundredth of a percent (0.01%), so 100 basis points is 1%. Used in quoting movements in interest rates or yields on securities.

### **Contractual maturity**

The final payment date of a loan or other financial instrument.

### **Cost/income ratio**

The cost-to-income ratio (also called the cost/income ratio or C/I ratio) is the measure of the costs of running the Society in relation to its operating income.

### **Effective interest rate method (EIR)**

The method used to measure the carrying value of a financial asset or a liability and to allocate associated interest income or expense to produce a level yield over the relevant period.

### **Fair value**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm's length transaction.

### **Forbearance strategies**

Strategies to assist borrowers in financial difficulty, such as interest only concessions, payment plans and reduced payment concessions.

### **Free capital**

Represents the aggregate of gross capital and collective impairment provision less intangible and tangible fixed assets.

### **General reserves**

The accumulation of the Society's post-tax profit since inception. It is the Society's main component of Tier 1 which is a measure of strength and stability.

### **Impaired loans**

Loans where there is objective evidence that an impairment event has occurred, meaning that the Society does not expect to collect all the contractual cash flows or expect to collect them when they are contractually due.

### **Individually/collectively assessed**

Individual assessments are made of all mortgage loans where objective evidence indicates losses are likely or the property is in possession. A collective impairment provision is made against the remaining group of loans and advances where objective evidence indicates that it is likely that losses may be realised.

### **Interest Margin**

Represents net interest income divided by mean total assets.

### **Internal capital adequacy assessment process (ICAAP)**

The Society's own assessment of the level of capital that it

needs to hold for risks it faces under a business-as-usual scenario and a variety of stress scenarios.

### **Liquid assets**

Total of cash in hand and balances with the Bank of England, loans and advances to credit institutions, and investment securities.

### **Liquidity ratio**

Liquid assets as a percentage of shares and borrowings.

### **Liquidity risk**

The risk that the Society is not able to meet its financial obligations as they fall due, or will have to do so at an excessive cost. This risk arises from timing mismatches of cash inflows and outflows.

### **Loan to value ratio (LTV)**

A ratio which expresses the amount of a mortgage as a percentage of the value of the property. The Society calculates residential mortgage LTV on an indexed basis (the value of the property is updated on a quarterly basis to reflect changes in the house price index).

### **Loans past due/past due loans**

Loans are past due when a counterparty has failed to make a payment when contractually due.

### **Management expenses**

Management expenses represent the aggregate of administrative expenses, depreciation and amortisation. The management expense ratio is management expenses expressed as a percentage of mean total assets.

### **Market risk**

The risk that movements in market risk factors, including interest rates, credit spreads and customer-driven factors will create losses or decrease portfolio values.

### **Mean total assets**

Represents the average of the total assets at the beginning and end of the financial year.

### **Member**

A person who has a share investment or a mortgage loan with the Society.

### **Mortgage arrears**

A customer is in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan commitment is overdue. Such a customer can also be said to be in a state of delinquency.

### **Net interest income**

The difference between interest receivable on assets and similar income and interest payable on liabilities and similar charges.

### **Risk appetite**

The articulation of the level of risk that the Society is willing to take (or not take) in order to safeguard the interests of the Society's members whilst achieving business objectives.

**Risk weighted assets**

Risk weighted assets are used to determine a financial institution's minimum capital requirements. Risk weighted assets are computed by adjusting each asset class for risk in order to determine a financial institution's potential exposure to losses. For example, an unsecured loan is considered to carry more risk than a loan secured by a residential property (mortgage).

**Residential loans**

Residential mortgage loans secured against residential property.

**Retail deposits**

Money deposited by small and medium sized entities in a savings account with the Society. Such funds are recorded as liabilities for the Society.

**Retail shares**

Money deposited by a person in a savings account with the Society. Such funds are recorded as liabilities for the Society.

**Shares and borrowings**

Represents the total of shares, amounts owed to credit institutions and amounts owed to other customers.

**Total capital ratio**

Measures the Society's reserves (after required adjustments) as a proportion of its risk weighted assets.

**Tier 1 capital**

A measure of financial strength as defined by the PRA. Tier 1 capital is divided into Common Equity Tier 1 and other Tier 1 capital. Common Equity Tier 1 capital comprises general reserves from retained profits. The book value of intangible assets is deducted from Common Equity Tier 1 capital and other regulatory adjustments may be made for the purposes of capital adequacy.

**TFSME**

The Bank of England's (BoE) Term Funding Scheme with additional incentives for SMEs (TFSME) was established in March 2020 as part of measures to respond to the shock of Covid-19. It initially offered eligible institutions four-year funding at, or very close to, Bank Rate. It was launched as a low-cost source of funding to support additional lending and incentivise Banks and Building Societies to provide credit to businesses and households in a period of economic uncertainty.

TFSME replaced the Term Funding Scheme (TFS) which was introduced by the BoE in August 2016 to increase lending following the UK's vote to leave the EU and the subsequent base rate cut. Any existing TFS drawings could be refinanced under TFSME.

# Annual Business Statement

## Statutory percentages

	2024 %	Statutory limit
<b>The lending limit</b>		
Proportion of business assets not in the form of loans fully secured on residential property	1.40%	25.00%
<b>The funding limit</b>		
Proportion of shares and borrowings not in the form of shares held by individuals	16.76%	50.00%

- Business assets are the total assets of the Society as shown in the statement of financial position plus impairment provisions, less intangible fixed assets, tangible fixed assets and liquid assets. Loans fully secured on residential property are the amount of principal owing by borrowers, interest accrued not yet payable and effective interest rate adjustment. This is the amount shown in the statement of financial position plus impairment provisions.
- The above percentages have been calculated in accordance with, and the statutory limits are those prescribed by, sections 6 and 7 of the Building Societies Act 1986 as substituted by the Building Societies Act 1997.
- The statutory limits ensure that the principal purpose of a building society is that of making loans which are secured on residential property and are funded substantially by its members.

## Other percentages

	2024 %	2023 %
As a percentage of shares and borrowings:-		
Gross capital	9.17%	8.44%
Free capital	8.73%	8.02%
Liquid assets	21.31%	22.45%
As a percentage of mean total assets:-		
Profit after taxation	0.17%	0.27%
Management expenses	1.66%	1.58%

The above percentages have been prepared from the Society's accounts and:

"Shares and borrowings" represents the aggregate of shares, amounts owed to credit institutions and amounts owed to other customers.

"Gross capital" is the general reserve and the revaluation reserve.

"Free capital" represents the aggregate of gross capital and collective impairment provision less intangible and tangible fixed assets.

"Mean total assets" represent the average of the total assets at the beginning and end of the financial year.

"Liquid assets" has the same meaning ascribed in the statement of financial position.

"Management expenses" represents the aggregate of administrative expenses and depreciation and amortisation.

## Other Directorships of Board Members as at 31 December 2024

Name	Date of appointment to the Board of the Society	Year of birth	Other directorships
<b>Richard David Jenkins</b> <i>Chair</i>	01.05.2018	1957	Greenavon Close Management Co. Limited
<b>Eric John Leenders</b> <i>Vice Chair</i>	23.04.2014	1967	Registry Trust Limited
<b>Joanne Frances Carter</b> <i>Chair of Remuneration Committee</i>	03.10.2022	1963	Arborate Limited St Paul's Cathedral, Nominations Committee
<b>Andrew Spencer Lucas</b> <i>Senior Independent Director</i>	01.05.2021	1967	Cirencester Friendly Society YMCA Trinity Group The Christian Conference Trust First Conference Estate Limited
<b>Rebecca McBride</b> <i>Chair of Risk Committee</i>	01.05.2020	1972	-
<b>Christopher William Potter</b> <i>Chair of Audit Committee</i>	04.01.2022	1965	Royal Institution of Great Britain Hundred Houses Society, Audit & Risk Committee
<b>Daniel Mark Wass*</b> <i>Chief Executive Officer</i>	19.09.2022	1974	-
<b>Scott Robert Morton*</b> <i>Finance Director</i>	04.09.2023	1977	-

\*The Executive Directors each have a Service Agreement with the Society terminable by either party giving six months' notice. Daniel Mark Wass's Service Agreement was signed on 14 July 2022 and Scott Robert Morton's Service Agreement was signed on 9 June 2023.



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The Society is a member of the Building Societies Association and the  
Financial Services Compensation Scheme.

Buckinghamshire Building Society is authorised by the Prudential Regulation Authority and regulated by the  
Financial Conduct Authority and the Prudential Regulation Authority.

Registration Number 206022.