


Annual Report.

Year ended 30 November 2024

Suffolk Building Society

0330 123 0723

suffolkbuildingsociety.co.uk

We’re a good place to be.
For the savers. The house buyers.
The don’t quite know-yet…ers.

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1,193
mortgage applications processed in 2024

Value of mortgage applications
£304m

27 staff carried out 200 volunteering hours

£50,400
total charitable donations

Profit before tax
£2.2m

Mortgage assets
£738m

859 new reviews on Smart Money People
4.8 / 5 Smart Money People score

Retail savings
£817m

Chair's Report.

While the Society's vision and mission have changed little in 175 years, its strategy has continually adapted to the headwinds and tailwinds it has faced.

Over the past twelve months, I have seen the Society continually hone its mortgage and savings portfolio to meet its financial plan while remaining true to its values of accessibility, membership, and community.

Along with the rest of the industry, 2024 has presented significant uncertainty and volatility: a new government, and indeed a change of party in the UK, the ongoing conflict in Ukraine, escalating conflict in the Middle East, and a US election.

The Society has remained steadfast in its determination to offer innovative, niche mortgage products backed by personal service. Savings members have continued to invest with us, and our online service has now been running for an entire year.

We have continued investing in digital transformation across lending and savings. The successful launch of our new mortgage origination platform and broker portal, and significant progress in robotic processing automation (RPA) for repetitive tasks, ensures that the Society harnesses the latest technologies to meet its ambitious targets.

There has been encouraging continued demand for the Society's niche mortgage product ranges. We remain committed to supporting self-builders, older borrowers, expats, and holiday let owners. We expanded our offering for family-assisted mortgages with the introduction of a Joint Borrower Sole Proprietor (JBSP) option, boosting affordability for first time buyers.

This type of mortgage allows additional borrowers to be on a mortgage without needing to be legal owners of the property.

Our ambition for the coming year is to enhance our online savings proposition further, continue to innovate with mortgage criteria that set us apart, and further develop the branch and member offering.

The Society's Five Strategic Aims.

Grow efficiently and sustainably:

The Society will continue to grow sustainably and efficiently, taking into account its mutual values and the external environment. The Society must grow efficiently whilst achieving maximum return on investments, and all processes and resources must be optimised for effectiveness.

Deliver fair value:

To ensure its long-term success, the Society will offer customers products that provide fair and transparent value while remaining profitable.

Exceed customer service expectations:

As the Society grows, customer expectations of its service, too, will grow. The Society must balance its commitment to maintaining face to face and personalised support for its customers and their growing need for digital solutions.

Demonstrate our social purpose:

The Society is a mutual organisation owned by its members for the benefit of its members and communities. It demonstrates this through targeted charitable initiatives that have a positive impact on the people of Suffolk.

Maintain a robust risk framework and culture:

The Society's risk framework and culture underpins its strategic direction. All current and future risks should be managed within its risk appetite in a cost-efficient and proportionate manner.

Chair's Report continued.

Economic conditions

We started our financial year with inflation in the UK running at 4% in December 2023, from its peak of 11% in 2022.

In March 2024, UK inflation fell to 3.4% - below economists' forecasts of 3.5%. This was the lowest level seen since September 2021. (Source: ONS)

Inflation remains a concern as of November 2024 and could still present challenges moving forward.

Mortgage affordability, particularly for first time buyers and, increasingly, landlords, remains a challenge. In April, a Building Societies Association (BSA) first time buyer report claimed that becoming a first time buyer was the most expensive it has been over the last 70 years. Affordability was the biggest issue as the house price-to-earnings ratio continued to widen. It went on to say that since 1982, house prices have increased sixteenfold, with earnings increasing sevenfold in nominal terms.*

In July 2024, Labour won the general election. Later in the month, the King's Speech outlined the new Government priorities for the parliamentary session, introducing 40 bills, including two carried over from the previous session. Of particular relevance to the Society's interests is the Renter's Rights Bill, aimed at reforming the rental market by abolishing 'no fault' evictions, which will notably impact the buy to let sector. Equally significant is the Planning and Infrastructure Bill, designed to accelerate housing development by streamlining the planning process and enhancing the capacity of local planning authorities, enabling land to be brought forward for development more quickly.

The Stamp Duty Land Tax (SDLT) regime has had a number of changes over the last year, including those announced in the new Government's Autumn budget. This has resulted in a resetting of the bands for first time buyers.

SDLT on second homes rose by 2% to 5% from 31 October 2024. As a result, the average SDLT bill on second homes (based on the average UK house price of £309,572) increased from £12,265 to £18,457. This will further increase to £20,957 once the temporary threshold ends in April 2025.

The announced changes to employers' National Insurance contributions have been factored into the Society's financial plan for 2024/25.

The Budget also announced that ISA limits will remain frozen until 2030 and at £20,000 for Cash ISAs and £9,000 for Junior ISAs (per annum).

Having held the base rate at 5.25% in January 2024, the Bank of England finally voted to reduce it by 0.25 percentage points to 5.00% on 1 August 2024. This was the first reduction since March 2020, when the Bank of England's base rate hit a record low of 0.10%, which continued until December 2021. The second reduction of 0.25% to 4.75% came in November 2024 and was much anticipated.

*BSA Report, April 2024: First-time buyers, Age-old problems, modern solutions: A roadmap for change. bsa.org.uk/information/publications/research-and-reports/first-time-buyers

Chair's Report continued.

Financial highlights

This financial year saw lower profitability than in the previous two years, although this had been anticipated. 2022 and 2023 profits were boosted by the effects on margin of the rising bank base rate environment in those years, and the stabilisation and subsequent falls in bank base rate have had the effect of lowering the net interest margin in 2024. This, allied to increasing competition in the market, especially from larger banks and building societies, has led to a return to more historic levels of profit, particularly for a society of our size.

A pre-tax profit of £2.2m (2023: £4.1m) has ensured that the Society has been able to add to its capital reserves.

Volumes of mortgage applications were lower than expected at the start of the year, reflecting consumer uncertainty regarding bank base rate moves. Completions for the year were lower than expected due to a smaller pipeline at the start of the year and slow levels of applications in Q1 and Q2. However, a surge of applications later in the year meant we surpassed our net application target and built up a considerable pipeline with which to start the financial year 2024/2025.

Despite rate reductions across the product range, retail savings delivered a very strong performance. This enabled the Society to repay some of its Bank of England Term Funding Scheme loan (TFSME) early. The outstanding balance at the end of November 2024 was £30m (2023: £50m). It has also allowed the Society to increase its treasury investments. At year end, the Society had £46m of such assets.

The Society continues its track record of low numbers of mortgage arrears, and, in fact, the number of cases where payments are more than twelve months in arrears has fallen to just three (2023: five). Considering cost-of-living pressures and many borrowers coming to the end of historically low fixed rate products this is a good outcome.

Regulatory changes

The Payment Systems Regulator made a significant milestone this year in its fight against fraud when it widened its rollout of its name-checking service, Confirmation of Payee (CoP). CoP is a service that members will be familiar with when carrying out online banking.

When someone tries to set up a new payee or makes a one-off payment, CoP checks whether the details entered match up with a genuine payee name, bank and account details. This helps to avoid transferring payments to another person or business in error, and it helps in the fight against fraud and scams.

With this expanded rollout, over 99% of all transactions processed through Faster Payments and CHAPS are now protected by this crucial anti-fraud measure. The Society successfully adopted CoP in April 2024, well before the October 2024 deadline.

Environmental, social and governance (ESG)

The Society seeks to minimise its energy usage, and carbon footprint across every part of its operations. For example, we continue to generate power from our solar panels at Head Office for electric vehicle charging and heating water at the site.

It was a huge honour to be shortlisted at the Suffolk County Council-run Greenest County Awards and, even better, to receive Highly Commended in the business category.

The Society's strategic charitable programme, formalised in 2022, has enjoyed considerable success, with members, staff, and the general public all engaging with it. The decision has been made to continue supporting the four strategic partner charities – Emmaus Suffolk, Ipswich Housing Action Group (ihAg), Lighthouse, and Suffolk Wildlife Trust – for at least another two years, into 2026.

Conclusion

This year, the Society moved up to 20th place out of 42 building societies by asset size and we are on track to grow sustainably and profitably.

The Society is in a strong position going into 2025 with a substantial mortgage pipeline, a fully operational broker portal, and established online savings. We will ensure that our criteria, lending policy, and product development initiatives reflect member needs and market conditions and enable us to maintain our competitive position within our target niches while remaining within Board-approved risk appetite.

Peter Elcock
Chair
11 February 2025

Foreword from our Chief Executive Officer.

It is a testament to the strength of the strategy and talented teams across the Society that we have continued to thrive despite the ongoing challenges of the UK economy and global backdrop. Low levels of mortgage applications in the first half of the year, a change of government in the UK, ongoing international conflicts, inflation, and volatility in swap rates on the back of the falling Bank of England base rate, have all contributed to a demanding year requiring skill to navigate.

Both savings and mortgages have enjoyed success this year. Savings members benefit from enhancements in the branch network, while mortgage customers are supported by our wide range of innovative, niche mortgage products backed by personal service.

We moved to a larger branch in Sudbury with a fresh new appearance which will provide a blueprint for future openings. It's with huge excitement that I announce the first branch in a new town for 15 years – the Society will open in Suffolk's fifth largest town, Felixstowe, in March 2025.

2024 saw the launch of a refreshed programme of member events. This included opportunities for members to learn new skills and visit interesting local attractions. These events were hugely popular, well attended and received excellent feedback.

Through our newsletter, our members now have access to a range of exclusive online discounts with independent Suffolk businesses. These are updated each month to keep them fresh.

We have also launched a large-scale brand advertising campaign, which has seen us on billboards, buses and digital media across the county. A brand film heads the campaign and aims to increase brand recognition, attract new members, and convert awareness into new savings accounts and investments.

I would like to thank my fellow Board members, staff across the Society, and of course, most of all, our members, who continue to choose us to invest with and borrow from.

Richard Norrington
Chief Executive Officer
11 February 2025

Strategic Report.

SOCIETY'S VISION

Our Mission.

Our mission is to be a safe home for savers and to provide safe homes for our communities.

Suffolk Building Society is a mid-sized regional building society. According to the latest data from the BSA, it is ranked 20th in the UK by asset size out of 42 societies. Established in 1849, the Society has a long-standing history of service.

Guided by clear vision and mission statements, and deeply rooted values, the Society is committed to being a secure place for savers while supporting communities with safe homes. Members are at the core of everything we do, with a strong focus on delivering personalised customer service.

Since 1849, the Society has brought together savers and borrowers for mutual benefit. Staying true to its mission of delivering simple, straightforward savings products to investing members and providing mortgages to help borrowers purchase homes.

The Society attracts savings deposits from members and retail customers, using these funds to offer a range of mortgage products through its extensive broker network and direct sales team. It operates through nine full-service branches across Suffolk, one agency, and its online savings platform.

Key Performance Indicators	2022	2023	2024
Mortgage asset (£m)	655	727	738
Mortgage advances (£m)	165	180	122
Number of arrears cases over 12 months	11	5	3
Retail savings balances (£m)	681	738	817
Net Interest Margin	2.2%	2.2%	1.9%
Profit before tax (£m)	5.9	4.1	2.2
Management expenses (£m)	11.9	14.2	15.3
Investment spend (£m)	1.0	2.1	2.0
Employee engagement score	76.6%	77.9%	74.8%**
Net promoter score (NPS) (across business)	88	87.7	86.5
Smart Money People reviews	448	767	859
Total regulatory capital (£m)	42	45	45

* NPS is a measure of customer loyalty and satisfaction based on the likelihood they would recommend a company, product or service to others. The NPS score is calculated from member reviews and scores provided via the Smart Money People platform.

**The staff engagement survey, run in October 2024, changed from Engagement Multiplier to Empowered, with different questions focused on measuring culture. Therefore, the score for 2024 can't be compared like-for-like.

The Society is well placed with its strong and individual offering to the mortgage market. The Society has always looked at each mortgage application purely on its merits, using its judgement to assess outgoings and affordability, so that it remains successful particularly in niche lending areas. Maintaining administrative expenses to an appropriate level is essential for the sustainability of the Society, and the Society is committed to ensuring that its processes are as efficient as possible to maintain control of costs.

The Society remains an active participant in the Bank of England's Sterling Monetary Framework (SMF) and, alongside many other financial institutions, participates in the Bank of England's TFSME. At 30 November 2024, the total borrowed under this Scheme amounted to £30m (2023: £50m).

Mortgage brokers benefit significantly from the Society's broker portal. This year, the Society fully rolled out its new origination platform —Suffolk Online— across all its lending areas.

The Society's strategic focus has remained consistent; to steadily grow membership, mortgage balances, and the savings book while maintaining strong asset quality and increasing Tier 1 capital. This report outlines the Society's progress against its strategic objectives and provides an update on performance relative to key indicators.

Strategic Report continued.

Mortgages

The Society's lending proposition is to provide mortgages through a network of approved mortgage brokers and directly from the Society. The Society does not rely solely upon credit scoring as its underwriters individually underwrite all loans.

The Society's mortgage teams are held in high regard by intermediaries, networks and clubs by offering a relevant and competitive range of products combined with the benefits of manual underwriting. The new mortgage origination platform enables further service and niche product innovation for mortgage customers and intermediary partners.

The Society attracts customers in certain segments and the intermediaries that operate in these segments. These niches include self build, expat, buy to let, holiday let, and later life, in addition to its standard residential offering. This year, the Society added a significant new lending option: introducing JBSP for residential, buy to let, and holiday let for UK and expat applicants.

Mortgage assets and mortgage advances

The Lending team processed 1,193 mortgage applications in 2024 (2023: 861), with a value of £304m (2023: £223m). Completions numbered 512 (2023: 702), with a value of £122m (2023: £179m) and an average loan size of £241k (2023: £258k).

Residential lending made up 69% of this year's mortgage completions. This included 27 self build cases (2023: 34), lending over £12m to those self-building (2023: £17m).

This year, the Society retained 67% of maturing mortgage business, which, along with the new business, led to a closing mortgage balance of £738m (2023: £727m) as of 30 November 2024.

Q1 and Q2 saw slower levels of mortgage applications, in common with other lenders across the industry as affordability and uncertainty were factors in consumer behaviour. This was exacerbated by the lower-than-historical pipeline at the start of the year. The lower pipeline reflected the lower level of mortgage market activity at the end of last year as interest rate rises and the reintroduction of stamp duty started to take effect. This highlights the challenges and eventual success of the Society in generating mortgage activity.

The Society has a significant mortgage pipeline going into 2024/2025, five times its size at the start of this financial year.

Mortgage products and service

The economic conditions in 2024 required significant management of product ranges in a very volatile market. Despite the competitive market, the Society stuck to its strategy of maintaining margin and innovating within its niches. Introducing new products has been key to this.

In Q1, the Society returned to the 95% lending market, as higher interest rates allowed it to compete for business while maintaining a sufficient margin.

This quarter also saw a new mortgage product launch aimed at private landlords wishing to refurbish their properties to add rental value, for example, by replacing a bathroom or kitchen. The new 'light refurb' mortgage bases the rental calculation on the property's estimated rental income after the work has been completed and not on its current rental value. A two year residential mortgage with no early repayment charge (ERC) was launched, giving flexibility to borrowers hoping to benefit from future rate reductions.

The Society has long been an active player in the expat mortgage market. In February, five new foreign currencies were added as acceptable for residential, regulated buy to let and expat buy to let. Including Saudi Riyal, Australian Dollar, New Zealand Dollar, Swedish Krona and Danish Krone means the Society can now accept income in 16 currencies in these lending areas.

Q2 saw a new tiered approach to our Interest Coverage Ratio (ICR) assessment for buy to let and holiday let mortgages. A new 125% ICR on the stress rate was introduced for basic or nil-rate UK taxpayers, effectively increasing the amount that these landlords could borrow.

In Q3, separate large loan products were withdrawn, and instead, the maximum loan size was increased from £1m to £2m across all UK and expat residential capital and interest products up to 80% loan to value (LTV).

The full rollout of Suffolk Online in October enabled two significant enhancements to the mortgage proposition: JBSP and multi-currency.

For both purchase and remortgage, JBSP was introduced for applications across residential, buy to let, and holiday let for UK and expat applicants.

The enhancement allows up to four people from two different households to borrow from the Society. One or two individuals can be named on the property's title deeds.

The borrowers must all be immediate family members, such as parents, grandparents, a son, daughter, brother, or sister, and can include stepfamily and adoptive family.

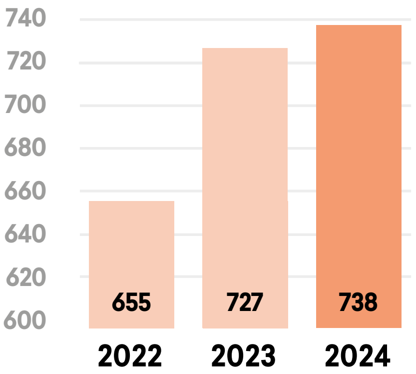
Incorporating the additional income of up to three other members of the immediate family, effectively boosts the buyer's borrowing capacity and supports the proposed mortgage's affordability.

Multi-currency applications were welcomed in any currency (except from some high-risk countries) as an income type for buy to let and holiday let cases. This allowed applicants with income in more than one currency to have all sources of income considered.

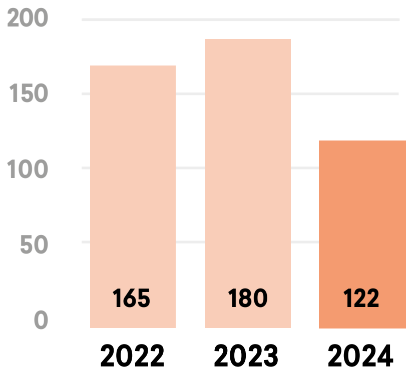
More criteria enhancements included the removal of geographical restrictions for new build flats (previously limited to Suffolk, Norfolk, Essex, Cambridgeshire, Hertfordshire and London).

Strategic Report continued.

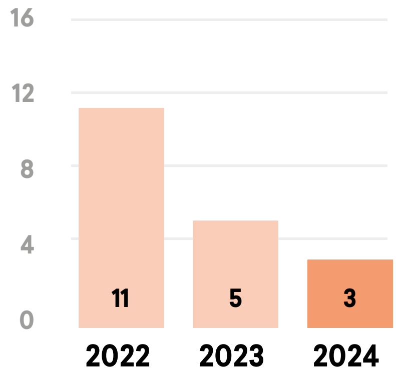
Mortgage assets (£m)



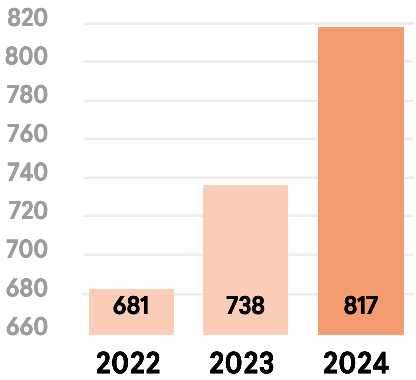
Mortgage advances (£m)



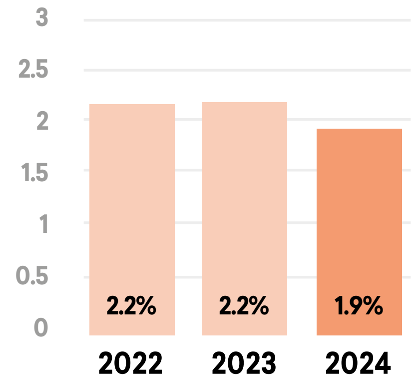
Arrears cases (number)*



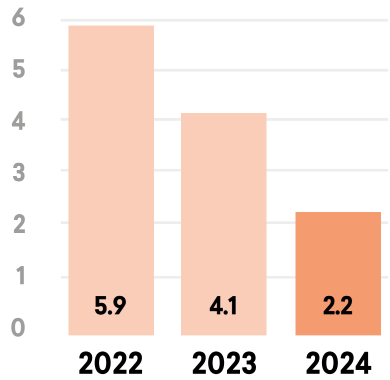
Retail savings balances (£m)



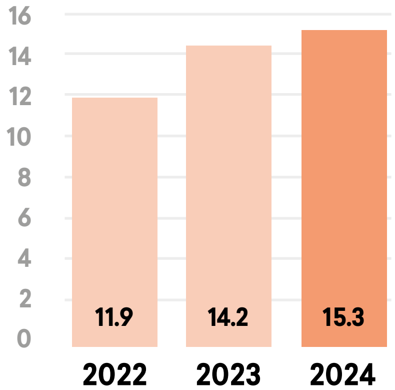
Net Interest Margin (NIM)



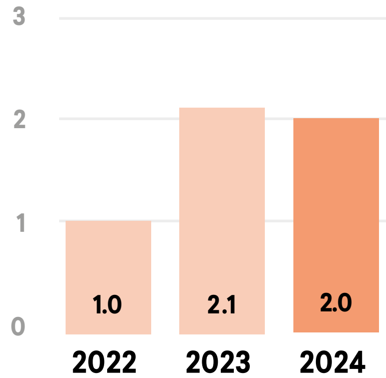
Profit before tax (£m)



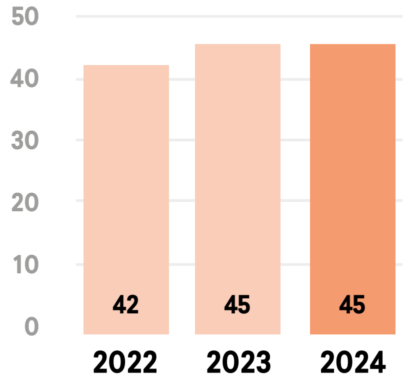
Management expenses (£m)



Investment spend (£m)



Total regulatory capital (£m)



*Arrears cases ≥ 12 months

Strategic Report continued.

The Society also decided to permit lending on blocks of flats with a maximum height of ten storeys (previously seven) and now accepts mortgage applications for annexes with separate council tax. Our self build proposition was strengthened with the introduction of lending on land with up to ten plots on site (previously, only single plots were accepted) and on properties adjacent to a current home.

The Society was Highly Commended at the What Mortgage Awards 2024 in the Best Variable Rate Mortgage Lender category. The mortgage teams also received Highly Commended in two categories: Best Self Build Mortgage Lender and Best Variable Rate Mortgage Lender, respectively, in the 2024 Personal Finance Awards.

Direct applications

Maintaining service levels for both borrowers and brokers is paramount when making decisions about opening channels. In January 2024, with a small, dedicated team of mortgage advisors in place, the Society re-opened the business to direct mortgage applications.

The Society's branch network is now being used as a shop window for the direct mortgage business, with point-of-sale material summarising the proposition and niche lending areas. Training has been carried out, empowering branch staff to start conversations with members who might be interested in mortgages. Staff then direct enquiries to our mortgage advisors. Highly targeted advertising and PR have led to the Society being heavily featured on the consumer-facing What Mortgages website and newsletter, as well as self build websites and newsletters.

Intermediaries

The big story for the intermediary channel this year was the full rollout of the Suffolk Online mortgage origination platform. Initially launched for residential products, it was opened up in October for new applications across the remaining ranges - expat, self build, UK buy to let, and holiday let.

At the same time, the legacy system, Ipswich Online, was closed to new applications, with the exception of inflight cases, porting, and additional borrowing applications. It is due to be decommissioned in 2025.

Suffolk Online benefits brokers with speed and automation via electronic identification and verification, and electronic signatures. There will be fewer referrals, with decisions made at key stages of the journey, allowing the Society's manual underwriters to concentrate on more complex cases. These enhancements will help the Society process applications, offers, and completions more efficiently, resulting in a timelier response to brokers and their clients.

The Suffolk Online rollout also allowed the Society to launch the JBSP option. Shared ownership mortgages were temporarily removed from the product range due to the system change. In mid-November 2024, the mortgage sales team registered its 1,000th broker on Suffolk Online.

The addition of a second telephone business development manager enhanced the intermediary team. The H1 2024 Smart Money People Lender Benchmark Survey saw the Society achieve an overall score of 88.8% and a four-star rating from 73 responses (2023: 71). Brokers regularly comment on the personal service offered by the sales teams, the flexible manual underwriting, and direct access to underwriters. One of the Society's mortgage underwriters, Nikki Burgett, reached the finals for Underwriter of the Year at the Financial Reporter Awards in June 2024.

Retentions

The Retentions team has managed over 1,064 maturing accounts to 30 November 2024 (2023: 1,437).

A total of 67% (2023: 69%) of accounts that matured within the 2023/2024 business year have switched to a new retention product with the Society, 11% have reverted to Standard Variable Rate (SVR), and 22% have redeemed.

Strategic Report continued.

This year, the team also upgraded its electronic signature process for product switch offers, and has introduced a new layer of automation and an improved customer journey. Documents are much easier to access and sign, and customers are given confidence with the inclusion of Suffolk Building Society branding.

In recognition of the Society's intermediaries' role in arranging product switches for customers, it was decided to commence paying retention procuration fees of 0.2% of the retained balance. The new fee was paid for any new product switch requests made from 1 October 2024.

Arrears

The Society's arrears levels have remained low throughout the year. We have a dedicated Arrears team to support members with payment difficulties. As of 30 November 2024, we had 65 (2023: 57) mortgage accounts in arrears. We have three (2023: five) mortgage accounts where the arrears were the equivalent of twelve months' payments or more. The total amount outstanding in these cases was £515k (2023: £606k), and the total amount of arrears was £100k (2023: £79k). On 30 November 2024, the Society had one (2023: two) property in possession. At the same time, the Society had 39 (2023: 38) mortgage accounts subject to forbearance, which equates to 0.9% (2023: 0.8%) by number of the total mortgage book. These mortgage accounts have a total balance of £5m (2023: £4.3m). 24 (2023: 17) of these cases are currently in arrears, with total arrears balances of £92k (2023: £95k). Where the Society considers there is a possibility of loss, a provision is made in accordance with the Society's policies.

Mortgage Charter

In 2023, we signed up to the Mortgage Charter; a set of commitments agreed between the government, UK lenders and the Financial Conduct Authority (FCA). The Mortgage Charter aims to help residential mortgage customers struggling with their mortgage payments. To be eligible for the Mortgage Charter, borrowers must have a residential mortgage and be up to date with their payments. Borrowers can choose to extend their term or have a temporary switch to interest only payments for six months. As of 30 November 2024, we had 39 (2023: 27) customers complete a temporary switch to interest only payments under the Mortgage Charter. Nobody chose to extend their term.

New regulation: PS24/2

On 10 April 2024, the FCA published 'Policy Statement 24/2: Strengthening Protections for Borrowers in Financial Difficulty', and the regulations came into force on 4 November 2024.

The objective of PS24/2 is to ensure firms consider a range of potentially appropriate support for customers who have or may have payment difficulties and tailor the support provided to each customer, taking account of their individual circumstances. The Society provides such support and has revised communications methods such as the website appropriately.

Retail savings

Retail inflows have been very strong, and the savings balance growth of £79m is significantly above expectations. The Society has seen demand for fixed savings, particularly as rates continued to increase in the first half of the year and savers sought to lock in at high rates.

In the later part of the year, savings rates in the general market fell, partly due to the prospect of rate reductions.

The Society consistently brought in funds throughout the year. This trend continued, with strong inflow every month, despite rate reductions. Customers responded positively to the products and rates offered, and at year end, total savings deposits had increased to £817m (2023: £738m).

Member numbers

Underlying membership growth has been strong, with 6,019 new savings accounts opened (2023: 5,811). Of these, 2,322 accounts were opened by new members (2023: 2,172). Online savings accounts have attracted 298 new members this year, and over £4m of inflow.

Total membership now stands at 61,120 (2023: 62,295). In the coming years, adding to the portfolio of online savings accounts is expected to support membership growth.

By year-end, the Society had retained 92% of its maturity balances across savings products (2023: 88%).

The savings proposition has continued to be based on competitive products and the excellent customer service delivered by our nine branches and one agency.

676 Smart Money People customer reviews on savings resulted in a rating of 98.8% and a Net Promoter Score (NPS) of 93.3.

Feedback from these surveys highlights the value of branches and customer service. Customers describe their experience using words such as 'friendly', 'local' and 'helpful'.

Online service

2024 saw the first full year of online savings since its launch in November 2023. The online service has two roles. Firstly, existing UK members can view the details of their branch-based account(s) online and update their personal details. Secondly, UK residents can open and manage new online accounts, with support available by phone, email, and in branch. At the close of this financial year, 2,730 investing members were registered for either view-only access or had taken out a fully online savings account.

Strategic Report continued.

Retail savings inflow remained strong every month, with the Limited Issue Access ISA and the 180 Day Notice account proving consistently popular.

New products

When very competitively priced products, such as the 120 Day Notice Account and higher-paying bonds and ISAs, were launched, they attracted new savings deposits and members.

We launched two online Regular Saver accounts in 2024. These have proved popular, with 332 accounts opened during the year, with total balances of £281k. In August 2024, online ISA accounts were introduced, attracting 48 account openings with balances of £579k.

The new online accounts – currently bonds, ISAs, and regular savers, have proved almost as popular with existing members as with new ones. Of the 552 new online accounts opened in the year, 37% were from existing members, showing that they appreciate the enhanced features of the new online accounts.

New processes and regulations

In December, an RPA Centre of Excellence was established within the Society.

Although RPA is in its infancy within the Society, it will increasingly be used to eliminate some of the mundane and repetitive tasks from day-to-day jobs. This will streamline inefficient processes and improve the accuracy and speed of certain processes. It will also enable staff to take on other higher-value tasks and focus on caring for members, improving job satisfaction and improving customer experience.

The retail savings side of the business was the first to benefit from this new technology. The Society has successfully launched and is rolling out the first RPA process across the branch network, which involves completing an identification check when opening a savings account for both existing and new members.

Another technological development within savings was the implementation of Confirmation of Payee (CoP) checking for incoming faster payments. This allows members who are sending payments to their savings or mortgage accounts to check whether the details they are using correctly match those on our records.

The development should increase members' confidence when making electronic payments to their accounts. CoP checking helps protect members from Authorised Push Payment fraud and misdirected payments. The Society implemented it in April 2024, ahead of the Payment Systems Regulator's October 2024 deadline.

Branch proposition

Bucking the trend of the Big Four banks closing local branches (specifically in Sudbury, Haverhill, Leiston, and Woodbridge), the Society has continued to review its branch network, developing plans for the future.

The Society was delighted to open its relocated, larger Sudbury branch in February 2024. This move was part of its continued commitment to maintaining a physical presence in its community.

Strategic Report continued.

The new branch includes a banking counter for day-to-day transactions, a casual seating area for chatting with our friendly staff, and two meeting rooms for more confidential discussions.

The third, and most significant decision about the branch network is the one taken to open a full-service branch in Felixstowe. Suffolk's fifth largest town, Felixstowe was previously home to an agency. The Felixstowe branch will open in March 2025, co-located with East of England Co-op Travel in the old railway station. It is sited between the town's main high street, a free car park and the train station.

Management expenses

Management expenses primarily consist of administrative expenses and depreciation. In 2024, management expenses were £15.3m (2023: £14.2m).

Capital

The Society's total regulatory capital is £45.5m, an increase of £0.5m from the previous year and remains at a satisfactory level above minimum requirements (including buffers) as of the end of November 2024. The Tier 1 capital ratio was 14.1% at 30 November 2024 (2023: 14.6%). This capital level gives the Society a sound platform to grow further. As part of the Capital Requirements Directive (CRD – as adopted into the Prudential Regulation Authority (PRA) rulebook), the Board has assessed the adequacy of the Society's capital resources.

In December 2024, the Society applied to the PRA to be regulated under its Small Domestic Deposit Takers (SDDT) regime. SDDT is a simplified prudential framework which applies to UK non-systemic banks and building societies that meet certain criteria and applies from 1 January 2027. The SDDT regulations have been issued in draft form and were reviewed to determine the effect on the Society's capital levels. Whilst the initial draft of the regulations gives positive and negative variances to current levels (depending on the products and types of risk), the overall effect is positive.

The Society also submitted an application to be regulated by the Interim Capital Regime until the implementation of SDDT in 2027. Both applications were approved by the PRA. As a result of receiving approval there is no longer a requirement to publish Pillar 3 information alongside the Annual Report.

Profit before tax summary section

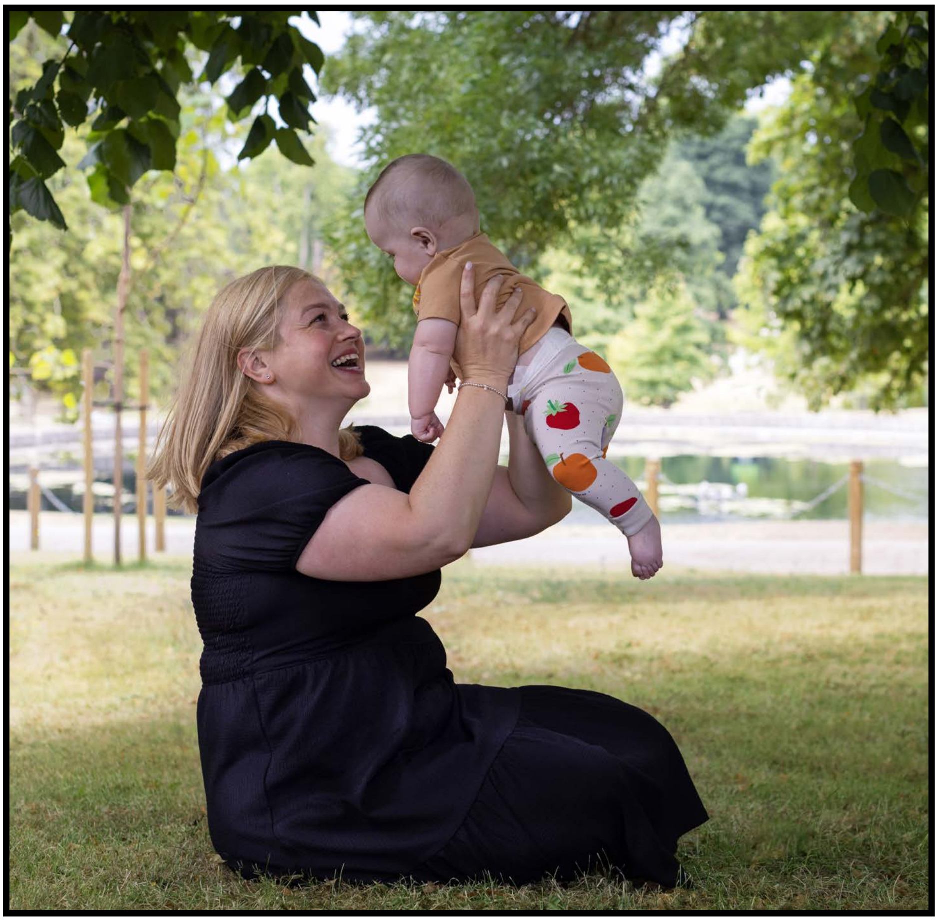
A healthy profit is essential for the Society's sustainability, allowing us to build capital reserves and support future growth. It also enables us to contribute meaningfully to local causes and invest strategically alongside our charitable partners.

The Board remains confident that the Society can maintain profitability throughout the three-year corporate plan, positioning it to grow and outpace costs. The Society is committed to making investments that ensure its relevance in the years ahead.

Significant investments in digital transformation will be reflected as costs over the next few years. These major expenditures are not one-time purchases but are instead amortised over multiple years.

Membership, community & people review

The Society's strategic direction includes demonstrating our social purpose; the Society sets itself apart from banks and online savings platforms, attracting staff and members who share its values.



Strategic Report continued.

Membership

Brand campaign

In October, the Society launched a major brand awareness campaign in Suffolk, with further campaigns planned for 2025. The campaign aims to increase brand awareness, track marketing success through the website, highlight our face-to-face branch proposition and drive new savings account openings.

A messaging platform was developed for use across both traditional and digital media, with the objective of making the Society as memorable as possible. The messaging includes our new slogan 'A Good Place to Be' which is a way of talking about about our member benefits, our nine (soon to be ten!) branches, our values, our support for local communities and of course our home county of Suffolk.

We purchased outdoor media space – bus shelters and billboards – in Ipswich, Felixstowe, Lowestoft, Bury St Edmunds, Newmarket, Haverhill and some more rural spots. And commissioned the adverts for the sides and backs of buses along relevant, major routes.

In addition to this traditional media, there is activity running on digital channels such as Facebook, Instagram, YouTube and Google. This activity will continue into 2025.

Member events and discounts

For several years, Suffolk Wildlife Trust has been a strong element of the membership proposition. This year's programme included activities with Suffolk Wildlife Trust, Suffolk brewer and retailer Adnams, and a specially curated Q&A evening with Suffolk dialect coach Charlie Haylock. The events were hugely popular, well attended, and received glowing feedback.

A programme of member discounts was launched in the autumn and communicated via the monthly email newsletter. The first raft of online-only discounts provided members with money off at a range of Suffolk retailers: Adnams, Paddy & Scott's coffee, and Thompson and Morgan seeds. The discounts are updated each month to keep them fresh.

Community

Volunteering and fundraising

Staff wellbeing and social purpose come together within the Society's established volunteering programme. This year, 27 staff members spent 200 hours volunteering across a range of activities, such as trustee positions with our partner charities ihAg and Emmaus Suffolk, a beach clean and volunteering days with Suffolk Wildlife Trust. This is lower than in previous years due partly to the resources required for transformation programmes and demands on mortgage sales and lending.

The active Social Committee arranged events that combined socialising with colleagues with a social purpose. For example, a cruise on the River Orwell included an onboard talk from Suffolk Wildlife Trust and a fundraising quiz night was held at Emmaus Suffolk's Royal Oak venue.

Financial education

In addition to branch staff delivering 30-minute financial education sessions in schools for 16 to 18-year-olds, a new educational section has been launched on the Society's website. It includes articles written by Society staff on topics such as budgeting, setting financial goals, different types of savings accounts, borrowing and credit, and frauds and scams. Visitors can track their progress – as the website lets them know which articles they've read already and which are up next.

An enhanced volunteering plan is being explored to take financial education further into the community next year.

Charity partnerships

The two charity campaigns, 'Saving Suffolk' and 'Safe Homes for Suffolk', supporting Emmaus Suffolk, ihAg, Lighthouse, and Suffolk Wildlife Trust, have gone from strength to strength. Staff have continued to volunteer, and thousands of pounds of additional monies have been raised with half marathons, charity walks and quizzes. Members have taken part in events with the charity partners, films have been created, some of which have been nominated for awards, and collections of goods in branch have proved effective. All these activities have had the effect of strengthening the partnerships and their impact.

Charitable Donations

£40,000	Strategic charity partners – Suffolk Wildlife Trust, Emmaus Suffolk, ihAg and Lighthouse
£5,000	Suffolk Giving Fund – administered by Suffolk Community Foundation
£5,400	Donated to other causes – Emmaus Suffolk, Lighthouse, Breast Cancer Now, Cancer Research, MND, Age UK and The New Croft Foundation
£50,400	**Total (2023: £59,158)**

Strategic Report continued.

Strategic Report continued.

People and Wellbeing

This year, a comprehensive review of staff benefits was carried out to ensure fairness across the workforce, give staff flexibility on annual leave, and enhance pension and family leave. Following a consultation period, the Society introduced a 'buy holiday' scheme and increased the pension contributions for Grade A and B colleagues. Enhancements were also made to maternity, paternity, adoption, shared parental leave and paid sick leave. We have also phased out increases to holiday as a result of tenure.

The annual staff survey is a key test of the engagement and motivation of the Society's staff cohort. In October, the Society adopted the new Empowered survey, which focuses on company culture. The results of 78.4% participation and 74.8% engagement give us good baselines upon which to improve. Several hundred anonymous comments were also received and analysed in depth by the Executive.

There has also been a focus on learning and development across the Society in the past twelve months, with £45,900 invested in training colleagues at all levels. 16 People Leader development sessions were held covering seven different topics to support the development and capability of our people leadership team. 15 People Leaders attended a two-day training session, run by Suffolk Mind, on supporting colleagues with their mental health.

Staff working in the branch network, mortgage servicing and the savings and support departments attended externally provided training to identify and support vulnerable customers. The Society has provided time and financial support to 15 colleagues to undertake external qualifications. We have also continued to support Suffolk University by assisting with training from a marketing and HR perspective and providing a workplace opportunity to one of their students studying Politics who was interested in gaining insight into the support functions of a business.

In the past year, the Society has joined the Employer Network for Equality and Inclusion (ENEI). This not-for-profit organisation provides resources, advice, and support for organisations like the Society who are working to improve their understanding of what Equality, Diversity and Inclusion (EDI) means for their organisation and employees. During the year we completed ENEI's Talent, Inclusion and Diversity Evaluation (TIDE). Following this assessment, the Society has started to gather more EDI information for its existing employees to provide the baseline needed for future analysis and reporting.

We had 130 colleagues attend our annual staff event, the largest number to date. The team was invited to share their views on the Society's strategic direction and also to celebrate our "Living the Values" awards, which recognise colleagues who are actively role-modelling our values in their day-to-day work activities.

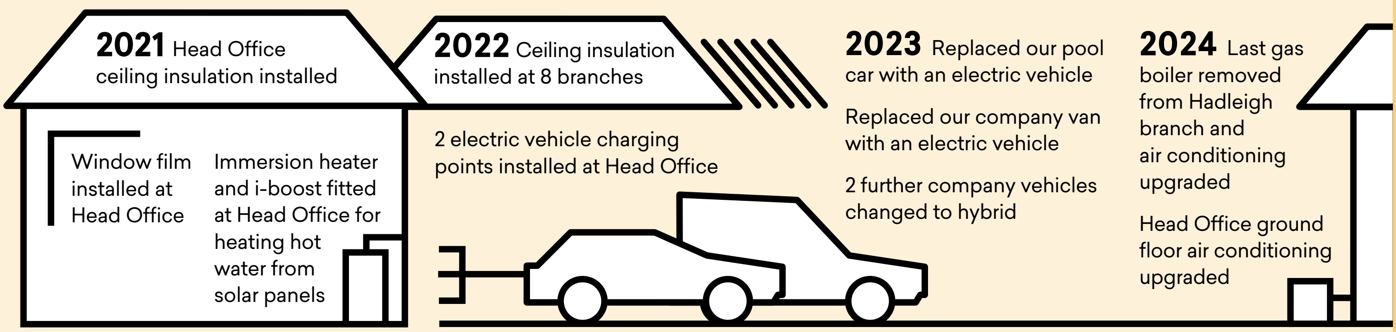
Environment.

Over the last five years the Society has made substantial strides towards reducing its carbon footprint. This has been because of a concerted effort to reduce the use of fossil fuels across our operations, to increase the efficiency of air conditioning systems and insulation, to reduce the use of paper, and the introduction of extensive recycling initiatives across the Society. In 2023, we won a silver Carbon Charter Award in recognition of our measurable progress on carbon reduction across our whole operations.

The Society monitors its carbon footprint annually, and we continue to increase the amount of data to be evaluated across the three emissions scopes. Our most recent data from 2023 indicates a total carbon emissions figure of 328.7 tCO2e* (2022: 209.2 tCO2e). Whilst this has increased, the 2023 figure includes employee commuting to give a more complete assessment; this accounts for a considerable share of our emissions at 225.5 2CO2e.

Particularly pleasing is the Society's overall reduction in emissions from electricity since 2018, which have reduced by 36.4 tCO2e to 76.7 tCO2e in 2023. In 2024, the Society removed the last gas boiler from its operations, and now powers branches and Head Office with 100% renewable electricity. We continue to generate power from our solar panels at Head Office for electric vehicle charging and heating water at the site.

Major environmental initiatives:



*tonnes of carbon dioxide equivalent

Risk Review.

The key risks incurred in the Society's activities include retail credit, financial, operational and conduct risks. Key risk objectives and Level 1 risk categories, based on the Society's strategic objectives, are outlined in the table on page 20. The Board have set the Society's risk appetite, and each Level 1 risk is owned by a nominated member of the Society's Senior Leadership Team. If Level 1 risk is deemed outside the Board-approved appetite, management actions are put in place to return the risk within Board-approved limits.

The Society has an Executive Risk Committee (ERC) that monitors and reports monthly on its risk profile to the Board Risk and Compliance Committee. The Retail Credit Risk Committee, Assets and Liabilities Committee, and Operational and Conduct Risk Committee also report to the ERC. The Society's risk profile remained stable and within its risk appetite during 2024.

Throughout 2024, the Society has continued to manage liquidity risk carefully, set aside sufficient capital to protect members from all reasonable, foreseeable circumstances, and ensure we manage our lending risk within pre-agreed risk appetite levels. We continue to meet all regulatory requirements and conduct business to ensure good customer outcomes. We maintain procedures to help our staff identify and support our members who may be vulnerable or affected by the increased cost of living. We have also worked to ensure our operations are resilient to maintain the continuity of key member services against pre-defined thresholds.

Capital risk: The Board complies with the Capital Requirements Directive IV (CRD IV), as adopted into the PRA Rulebook, which requires the Society to assess the adequacy of its capital through an Internal Capital Adequacy Assessment Process (ICAAP). To assist the Board in determining the level of capital required, stress testing and scenario analyses are performed on key business risks to assess whether the Society could survive a severe economic downturn and other severe business shocks. This process enables the Board to ensure that the Society holds a level of capital sufficient to satisfy regulatory requirements and meet our internal capital assessment. In December 2024, the Society applied to the PRA to be regulated under the PRAs Small Domestic Deposit Takers (SDDT) regime, along with an application to be regulated by the Interim Capital Regime, until the implementation of SDDT in 2027. The PRA approved both applications. As a result of receiving approval, there is no longer a requirement to publish Pillar 3 information alongside the Annual Report.

Liquidity risk: Liquidity risk is the risk that the Society will not be able to meet its financial obligations as they fall due. This includes requests from members to withdraw funds and complete new mortgage drawdowns. The Society is required by regulation to hold a calculated level of liquidity. Liquidity investments are held in on-call accounts or as short-term dated investments, including Certificates of Deposit (CDs) and Floating Rate Notes (FRNs). However, we hold most of our on-call liquidity investments with the Bank of England. As of 30 November 2024, we had a total of £157.6m held as liquid assets. £106.7m was available on-call with the Bank of England and the remainder was in cash, CDs, FRNs and gilts.

Interest rate risk: Interest rate risk arises from either a mismatch between the interest rate characteristics or the maturity profiles of assets and liabilities.

The Board-approved Treasury Policy includes set limits for assets and liabilities based on different interest rates. Where possible, we use natural hedging between our fixed rate mortgages and fixed rate savings bonds. We also use interest rate swaps to manage interest rate risk within our Balance Sheet. Further details can be found in note 28 of the Society's Accounts.

Wholesale credit risk: Wholesale credit risk is the risk of default on assets held to mitigate liquidity risk (on-call accounts, CDs, and FRNs). We manage the risk found when investing in these liquid assets by having strict criteria for accepting counterparties to invest in and absolute limits for each counterparty's investment.

These criteria and limits are stated in our Board-approved Treasury Policy. They include a requirement for counterparties to have a Fitch rating of A- or higher (except building societies where management may use their specialist knowledge). We review our approved counterparty list and investments made at the Assets and Liabilities Committee.

Retail credit risk: This risk materialises when a loss is incurred through non-repayment of mortgage lending. The risk is mitigated through our Board-approved Lending Policy, which shows our risk appetite for our lending and includes clear guidelines for mandate levels and lending. We also focus on supporting borrowers who may be having payment difficulties to help mitigate any potential loss and assist them in returning to a normal repayment pattern. Where we consider that there is the potential for a loss, we make a provision for this in accordance with our policies.

Operational risk: Operational risk is the risk of loss through inadequate or failed internal processes or systems, including human error or external events. Operational risk events and near misses are captured, and root cause analysis is undertaken to identify and mitigate further risk events. Our membership can only be served by having committed, knowledgeable staff with the ability and authority to meet the requirements and

Risk Review continued.

expectations of our members. As such, all staff complete regular training, and we encourage them to undertake personal development and advancement. We recognise and reward their achievements, creating a sense of pride in serving our membership and providing good customer outcomes. The Society performs an annual self-assessment of its operational resilience to ensure it can deliver important business services to members under various "threats".

Conduct risk: Conduct risk arises when a firm's behaviour results in inappropriate or poor customer outcomes. Our culture ensures that each of our members has a right to expect that their relationship with us will be conducted fairly and consistently. We recognise our members as the owners of the Society with individual requirements and expectations, and this approach is demonstrated within our Consumer Duty and Conduct Risk framework. We design products with target markets in mind. We have policies and procedures to ensure compliance with the regulations affecting our business. The volume and complexity of compliance with these regulatory issues may impact the Society's ability to compete and grow. The Board will continue monitoring regulatory changes to ensure that the Society meets all its regulatory requirements.

Key Risk Objective	Level 1 Risk
FINANCIAL Manage profit volatility within defined parameters where capital and liquidity are at levels allowing the Society to operate effectively in normal and stressed conditions.	• Capital • Liquidity & Funding • Interest Rate Risk • Wholesale Credit Risk • Financial Reporting & Regulatory Returns • Model Risk
RETAIL CREDIT Manage and control credit risk within defined limits and exposures and underwrite more complex mortgages for our customers that fit our underwriting expertise.	• Lending Quality • Concentration Risk • Credit Monitoring • Problem Debt Management • Climate Change
OPERATIONAL Develop and maintain cost-effective and operationally resilient systems, infrastructure and processes (including those provided by a third party), to deliver the corporate strategy. Have the right number of skilled and motivated people in place, and develop and retain our best talent.	• Information Security & Records Management (inc. Data Quality) • Systems • Change Management • Third Party Suppliers • Fraud • People Risk
CONDUCT Deliver good customer outcomes that are consistent with our vision. Our foundation is the delivery of compliant products, processes, and systems for how we treat or interact with our customers. We will seek full compliance with appropriate regulations.	• Product Design • Sales – Savings • Sales – Mortgages • Post Sales – Savings • Post Sales – Mortgages • Governance & Culture • Legal Risk • Financial Crime • Compliance Oversight

Corporate Governance.

Our Board of Directors

Peter Elcock
Chair

Non-Executive Director 2014-2020 and since 2022. Chair of the Board since December 2022 (independent on appointment). Committees: Nominations Chair, Remuneration

Skills and experience
Peter Elcock has worked for over 40 years in the financial services industry, including roles at Barclays, Coventry Building Society, Charter Court Financial Services Group PLC (CCFS), and One Savings Bank. He is passionate about the mutual model, its values, and the safety and security it offers members. Peter is pleased to be able to bring his experience and practical understanding of the risk, regulatory, and compliance areas to support the Society.

Current material external positions
Non-Executive Director, Zempler Bank Limited

Director, Cornhill Consulting

Previous positions include
Chief Risk Officer, OSB Group (OneSavings Bank)

Chief Risk Officer, Coventry Building Society

Sian Hill
Non-Executive Director

Non-Executive Director since 2020. Committees: Audit, Remuneration

Skills and experience
Sian Hill is a Fellow of the Institute of Chartered Accountants in England and Wales. She worked at KPMG for many years, including over twenty years as a financial services tax partner advising a broad range of financial institutions. She retired from KPMG in June 2018.

Current material external positions
Non-Executive Director, Cordiant Digital Infrastructure Limited

Non-Executive Director, Apollo Syndicate Management Limited

Non-Executive Director, Yealand Fund Services Limited

Trustee of Place2Be, a leading UK children's mental health charity

Previous positions include
Partner, KPMG

Paul Johnson
Chief Financial Officer

Board Director since 2020

Skills and experience
Paul Johnson joined the Society in June 2020. He was previously Head of Finance at Vanquis Bank for six years and a senior finance officer at Citi for fifteen years, where he held various roles, including CFO of the UK Consumer business. Prior to that, Paul held a number of financial controller roles, including the broker subsidiary of Société Générale, and started his career at Deloitte. Paul is a fellow of the Chartered Association of Certified Accountants.

Previous positions include
Head of Finance, Vanquis Bank

Chief Financial Officer, UK Consumer Citi

Elaine Lenc
Non-Executive Director

Non-Executive Director since 2019. Committees: Board Risk and Compliance, Nominations, Remuneration Chair

Skills and experience
Elaine Lenc is a Fellow of the Chartered Institute of Bankers in Scotland. She has had a lifelong career in Financial Services and held senior posts at National Australia Group Europe, latterly as Director of Customer Remediation, but spanning IT and strategic change, products and marketing, retail, and business banking across four European banks.

Current material external positions
Governor, Delta Academies in North Yorkshire

Previous positions include
Director, Customer Remediation, National Australia Group Europe

Steve Liddell
Non-Executive Director

Non-Executive Director since 2017. Committees: Audit Chair, Board Risk and Compliance

Skills and experience
Steve Liddell is a Fellow of the Institute of Chartered Accountants in England and Wales. He retired from Mazars LLP, where he was a financial services partner, in 2020. He previously worked for many years at KPMG and was the senior partner at the firm's Ipswich office from 2002-2006. Steve lives in Suffolk and has over 30 years' of experience working with regulated businesses.

Current material external positions
Non-Executive Director, Samsung Fire & Marine Insurance Company of Europe Limited

Non-Executive Director, Aspen Syndicate Management Limited

Non-Executive Director, Aspen Insurance Company UK Limited

Previous positions include
Partner, Mazars LLP

Partner, KPMG

Corporate Governance continued.

Rebecca Newman
Chief Operating Officer

Board Director since 2022

Skills and experience

After qualifiying as a solicitor in 2008, Rebecca Newman acted as legal counsel in the financial services industry for over seven years before joining the Society in 2015 as society secretary with responsibility for Board governance. She soon became Legal Counsel and then Chief of Staff, developing the Corporate Governance framework to include ambitious programmes on ESG, Diversity and Inclusion, and Employee Performance. Rebecca joined the Board as Chief Operating Officer in May 2022.

Previous positions include

Legal Counsel,
AXA Liabilities Managers

Richard Norrington
Chief Executive Officer

Board Director since 2016 and appointed Chief Executive Officer 2016. Committees: Nominations

Skills and experience

Richard Norrington has extensive leadership experience in the financial services sector, in a career spanning over three decades. He spent sixteen years with Barclays Bank PLC, and, more recently, ten years at Clydesdale & Yorkshire Bank, where, as regional director, he was responsible for the East of England area. He is passionate about the Society's social purpose and mutual values.

Previous positions include

Regional Director,
Clydesdale & Yorkshire Bank

Steve Reid
Non-Executive Director,
Deputy Chair

Non-Executive Director since 2016. Committees: Nominations, Board Risk and Compliance Chair, Audit

Skills and experience

Steve Reid has spent his entire career in the Financial Services industry, focussing on Retail Banking and Wealth Management. During this time, he has held Executive roles with the Woolwich Building Society, Barclays Bank PLC, National Australia Group Europe, and as CEO of Allied Irish Bank (UK).

Previous positions include

CEO, Allied Irish Bank (UK)

Fiona Ryder
Non-Executive Director,
Senior Independent Director,
Whistleblowing Champion,
Consumer Duty Champion

Non-Executive Director since 2018.
Committees: Board Risk and Compliance, Nominations

Skills and experience

Fiona Ryder is a Fellow of the Royal Society of Arts with over 25 years' of experience across the broadcasting, digital and commercial sectors. She was previously the founding CEO of in-store marketing and communications company, The Cube Group, before its profitable sale in 2006, and more recently, the Managing Director of Archant's local TV station for Norwich and environs. Fiona lives in Suffolk and is a Parish Councillor for Bramfield and Thorington P.C. She is also a Trustee and Treasurer for Bramfield Village Hall.

Current material external positions

Fiona is an Executive Director at Bonza Music Ltd and TCD Media Limited

Previous positions include

Managing Director,
Mustard TV Limited

CEO, Cube Music Limited

Corporate Governance continued.

A number of revisions to the UK Corporate Governance Code (the Code) were made in January 2024. The Code sets out several principles that emphasise the value of good corporate governance to an organisation's long term sustainable success. It is aimed at listed companies; therefore, the Society is not specifically required to comply. However, the Society is committed to maintaining best practice in corporate governance and so applies the code in a proportionate way. The 2024 Code applies to accounting periods beginning on or after 1 January 2025, except Provision 29, which applies to accounting periods beginning on or after 1 January 2026. This report, therefore continues to consider the 2018 revision and explains the actions that the Society has taken under each Code principle. The Code principles are provided in italicised text.

Board leadership and purpose

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

The Board of Directors' focus is to ensure the long-term sustainability of the Society for the good of our members. We do this by setting the strategy to meet the needs of our members, remain competitive, and deliver our services and profitably to help build our capital over the long term. The Board formulates the strategy, reviews business performance, oversees the identification and management of risks and adherence to laws and regulations, and ensures that the required controls are in place and aligned with our strategy. The results achieved by the Society over recent years are a testament to the Board's effectiveness.

In 2024, the Board of Directors met eight times, with an additional day dedicated to strategy. These meetings have taken place virtually and in person throughout the year. Board meetings have a formal schedule, and papers are circulated in a timely manner to ensure that Board members can perform their duties effectively. Minutes record details of Board, Board Committee and Management meetings.

In 2023, an independent third party, FinWell Coaching & Consulting Limited conducted an external Board effectiveness review. The review highlighted that the Board was effective with a proportionate corporate governance framework that facilitates high-quality decision-making. It also noted several recommendations, which the Board implemented in 2024.

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.

The Board Chair is responsible for leading the Board in the development of the Society's culture, and the Chief Executive oversees its adoption. The Board is responsible for establishing the Society's purpose and values and creating a culture that delivers a sustainable long-term strategy. The Society considers all non-executive directors to be independent.

The Board reviews key performance indicators to monitor the Society's culture. Internal Audit also independently considers culture as part of its annual assessment of the Society's Governance, Risk, and Control Framework.

As part of the Senior Managers Regime, Directors must provide relevant information to enable the Society to annually certify that they remain fit and proper to continue in the role. During the year, no conduct breaches have been reported by the Society.

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.*

The Society operates an Enterprise Risk Management Framework (ERMF). Four committees report directly to the Board; the Board Risk and Compliance Committee, and Audit Committee meet at least quarterly, and the Remuneration Committee and Nominations Committee meet at least twice a year.

In addition, the Society has an Executive Risk Committee, which is its second line of defence and reports to the Board Risk and Compliance Committee.

There are three first-line management committees: the Assets and Liabilities Committee, Retail Credit Risk Committee, and Operational and Conduct Risk Committee. All three meet nine times a year. The Terms of Reference for the committees are available from the Society's Secretary upon request.

Board Committees

Board Risk and Compliance Committee

The role of the Committee is to act as a second line of defence to the Society's risk management framework. The Committee assists the Board in fulfilling its oversight responsibilities by receiving regular reports from the Executive Risk Committee, which enable it to assess the risks involved in the Society's business (including risks that could threaten its business model, future performance, solvency or liquidity) and to consider the principal risks identified by Management and if they are appropriate. It reviews the Society's ICAAP and Internal Liquidity Adequacy Assessment Process (ILAAP). The Committee is responsible for ensuring the Society complies with the Board's risk appetite. Also, it reviews the Society's future risk strategy for economic, capital, liquidity, reputational and operational risk profiles. The Committee uses a variety of internal and external sources to make these assessments.

Audit Committee

The Committee's purpose is to oversee the Society's financial reporting arrangements, the effectiveness of

Corporate Governance continued.

its internal controls, and the Internal and External Audit processes. The Committee approves matters and reports to the Board on its activities or makes recommendations where appropriate. Minutes of the meetings are circulated to the Board of Directors, along with a verbal report from the Chair of the Audit Committee highlighting key issues for Board review.

The Committee meets with the External and Internal Auditors at least annually without the Executive Directors or senior management present. The Board is satisfied that Committee members have specialist expertise, including recent and relevant financial and risk management expertise.

Below are the key responsibilities of the Audit Committee and details of how they have discharged these responsibilities this year.

- Financial Reporting, including:
    - Monitoring the integrity of the Society's financial statements and reviewing critical accounting policies, judgements and estimates.
    - Reviewing the appropriateness of the going concern basis for preparing the accounts.
    - Providing advice to the Board on whether the Annual Report and Accounts, taken as a whole, are fair, balanced, understandable, and include the information necessary for members to assess the Society's position and performance, business model and strategy.

The Committee considered the following significant judgements and estimates. It also reviewed reports from External Auditors and Management. More details on the principal judgements and accounting estimates are set out in Note 1 of these Accounts.

<u>Allowance for impairment losses on loans and receivables:</u>

Determining the appropriateness of an allowance for impairment losses involves judgement and requires Management to make a number of assumptions about default rates, likely asset recoveries, and other factors. The loan loss impairment provisions recorded by the Society as of 30 November 2024 were £0.4m. The effect of climate change in relation to impairment was considered and tested as part of the ICAAP but is not considered significant.

The Committee considered and challenged the provisioning methodology applied by Management. The Committee was satisfied that the impairment provisions were appropriate.

<u>Effective Interest Rate (EIR):</u>

Applying the EIR method of accounting requires judgement, and the accounting entries involve estimates based on key assumptions, particularly customer behaviour at the end of the fixed term of their products. The Statement of Financial Position as of 30 November 2024 includes the recognition of a net EIR adjustment of £1.0m.

The Committee spent time understanding and challenging Management's judgements and methodology in determining the EIR. The Committee agreed that Management's judgements were appropriate for the year ending 30 November 2024.

<u>Hedge accounting:</u>

The Society has implemented hedge accounting in line with FRS 102. The designated macro hedges require matching, hedge effectiveness documentation and testing, and fair valuing of both the hedged instrument and the underlying hedged item. The Committee considered the appropriateness of the hedging arrangements and the fair value processes in respect of hedging instruments and the underlying hedged items. The Committee agreed that hedge accounting had been applied in accordance with FRS 102, and that the hedging arrangements and fair value processes were appropriate.

<u>Retirement benefit obligations:</u>

The Society makes significant judgements when calculating the present value of retirement benefit obligations. The principle assumptions are regarding mortality, price inflation, discount rates, pension increases, and earnings growth. The pension scheme liability recorded on 30 November 2024 was £189k. The Committee considered the assumptions based on advice from our Actuaries and is satisfied that they are reasonable.

<u>Property Revaluation:</u>

The Society's accounting policy requires a full valuation of its freehold properties every 5 years with an interim valuation after 3 years. The Directors must also satisfy themselves that the freehold properties are valued appropriately on the years where there is no formal valuation. 2023 was the fifth year since the last valuation, and the Society instructed Fenn Wright to perform a formal valuation of the five freehold properties the Society owns, which resulted in a downward valuation of £111k across the whole portfolio. For 2024, Management believes that the carrying value of the Society's freehold property is appropriate and is deemed materially accurate, with no obvious sign of material impairment.

<u>Accounting Policies:</u>

The Committee examined the Society's accounting policies to ensure they were appropriate and consistently applied. They also confirmed that the policies comply with applicable Accounting Standards, specifically FRS 102.

<u>Going Concern:</u>

The Committee considered a paper from Management covering the Society's current and projected liquidity and capital position, together with potential risks that could impact the business as well as consideration of potential stress scenarios. This covers the twelve month period following sign-off of the accounts. Based on

Corporate Governance continued.

its review, the Committee concluded that the adoption of the going concern assumption to prepare the financial statements remains appropriate, being twelve months from the signing date of the financial statements.

2024 Annual Report:

The Committee considered whether the 2024 Annual Report, when taken as a whole, is fair, balanced, and understandable and whether it provides the necessary information for members to assess the Society's performance, business model, and strategy. The Committee was satisfied that the report meets this requirement and, in particular, that appropriate disclosure has been included for both positive and negative developments in the year. Consequently, in February 2025, the Committee recommended that the final 2024 Annual Report be approved by the Board.

External audit:

In respect of external audit, the Committee is responsible for:

- Reviewing the continued objectivity and independence of External Audit, including the level and appropriateness of non-audit services, and assessing the effectiveness of the annual audit process.
- Considering the External Audit firm's appointment, removal, performance and remuneration.
- Making recommendations to the Board about to the appointment of the External Auditor.
- Considering the planning, scope, and findings of the annual External Audit, as well as the receipt of and responses to control deficiencies identified by the Auditors.

During the year, the Committee reviewed BDO's audit plan and received the Audit Completion Report prepared at the end of the 2024 audit in February 2025.

The Society has a policy for using External Auditors for non-audit work in accordance with regulatory requirements. However, the Society would not consider appointing an External Auditor to provide other services that might impair independence.

Internal Controls and Risk Management, including:

- Reviewing the adequacy and effectiveness of the Society's internal financial controls and internal control and risk management systems in conjunction with reviewing reports produced by Internal and External Audit.
- Reviewing the statements to be included in the Annual Report concerning internal controls and risk management.

Certain risk management controls are reported through the Board Risk and Compliance Committee rather than the Audit Committee.

The Committee was satisfied that internal controls over year-end financial reporting were appropriately designed and operating effectively.

An annual report on the effectiveness of the Society's whistleblowing procedures was presented to the Board, and the Board was satisfied that arrangements are in place to enable individual employees to raise concerns about possible improprieties confidentially.

Internal Audit

In respect of internal audit, the Committee is responsible for:

- Considering and approving the annual audit plan.
- Considering finalised internal audit reports and the Management's responses to recommendations.
- Considering the appointment, removal, performance and remuneration of the internal audit firm.
- Reviewing the annual conclusion on the Governance, Risk and Control Framework.

Internal Audit is outsourced to Deloitte LLP. For the year ending 30 November 2024, Internal Audit carried out seven audits of varying size and complexity, including a Risk Culture Survey. The findings from each individual review, including management responses, are presented to the Audit Committee. The Committee considers the adequacy of management responses and the implications of significant findings for the effectiveness of the overall internal control system and the risk management framework.

Nominations Committee

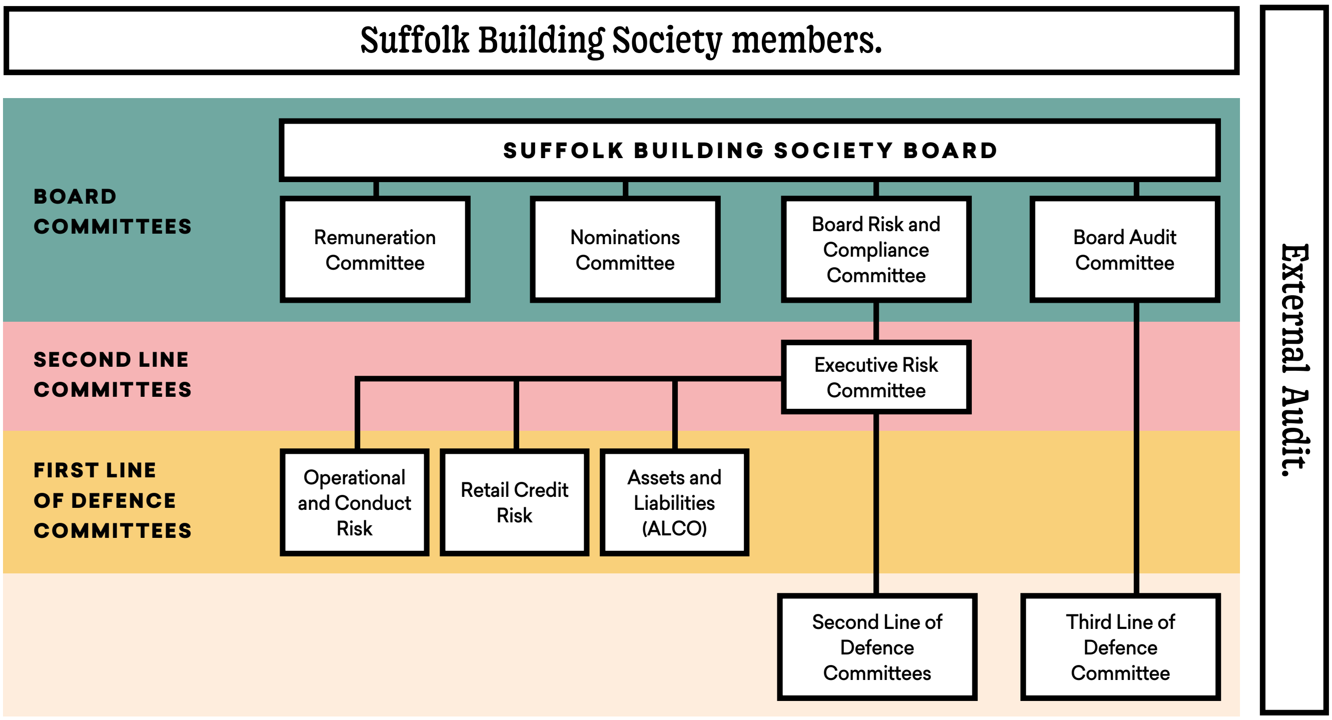
The Committee is responsible for making recommendations to the Board on matters relating to the composition of the Board and Senior Management. This includes succession planning for the Board and Senior Management, the appointment of new Directors, the election and re-election of Directors, and the Chief Executive's annual appraisal.

The Committee ensures that any Board recruitment and succession planning complies with the Board's Diversity and Inclusion Policy, which emphasises the need for its membership to reflect diversity in its broadest sense. The Society is a signatory to the Women in Finance Charter.

Remuneration Committee

The Committee's main role is to approve the remuneration and incentive schemes for the Society's Executive and Senior Management. The Executive and the Chair, meet annually to review Non-Executive Director fees, including those of the Deputy Chair, Senior Independent Director, Chair of the Audit Committee and Chair of the Board Risk and Compliance Committee. The Remuneration Committee monitors the Society's progress in relation to diversity and inclusion. It receives annual reports on the Society's gender pay gap and talent management. It ensures a link between directors variable remuneration and the Society's aims on sustainability and D&I.

The Directors' Remuneration Report can be found on page 32.



Management Committees

Executive Risk Committee

The purpose of the Executive Risk Committee is to monitor and oversee the Society's risk profile in accordance with the ERMF and Board risk appetite. The Committee is part of the Society's second line of defence. The Committee supports the Board Risk and Compliance Committee by providing oversight of the adequacy of the Society's application and embedding ERMF tools and processes.

The Executive Risk Committee reports to the Board Risk and Compliance Committee.

Assets and Liabilities Committee

This Committee manages wholesale credit risk (the risk of default on assets), capital risk, liquidity risk (the risk that the Society will not be able to meet its financial obligations), financial reporting risk and interest rate risk (which arises from a mismatch between interest rate characteristics). The Committee is responsible for ensuring the Society operates within the agreed parameters set out in the Board's Liquidity and Financial Risk Management policies. Every month, the Committee reviews the relevant risk appetite profiles and metrics to ensure that the Society operates within the Board-approved risk appetite. It refers any relevant matters or recommendations for amendments to risk metrics to the Executive Risk Committee.

Operational and Conduct Risk Committee

The Committee manages operational and conduct risk. Operational risk is the risk of loss through inadequate or failed internal processes or systems, including human error or external events. Conduct Risk is the risk that the Society's behaviour results in inappropriate or poor outcomes for customers. Every month, the Committee reviews the relevant risk appetite profiles and metrics to ensure that the Society operates within the Board-approved risk appetite. It refers any relevant matters or recommendations for amendments to risk metrics to the Executive Risk Committee.

Retail Credit Risk Committee

Retail credit risk arises when losses are incurred through non-repayment of mortgage lending. This Committee is responsible for monitoring the Society's high-level policy on lending and ensuring that the Society operates within the Board-approved risk appetite. This includes ensuring the mortgage assets stay within agreed Board-approved levels, including reference to the PRA's Specialist Sourcebook for Building Societies. The Committee reviews the Society's Lending Policy Statement, ensuring this aligns with our risk appetite, and recommends changes to the Policy to the Board for approval. It refers any relevant matters or recommendations for amendments to risk metrics to the Executive Risk Committee.

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.*

The Society does not have shareholders in the same way as a listed company; as a mutual society our members are our shareholders. Listening to and engaging with members in the Society's activities is an important part of our culture. The Society is committed to regular dialogue with members through frequent newsletters, social media and events such as the AGM. At the AGM, members are invited to attend, ask questions and vote on their opinions.

The Society has continued its hybrid attendance approach, so members can attend and ask questions remotely.

The Society actively seeks member feedback through its use of Smart Money People. Members visiting

Corporate Governance continued.

branches and the Society's intermediary customers are invited to leave feedback via an online survey. The results of these surveys have been presented to the Board for review. The purpose of this dialogue with members aims to understand and better serve their needs. Member feedback has been instrumental in the Society's strategic direction.

Workforce engagement is facilitated by the Chief Executive Officer and the Chief Operating Officer using a variety of forums. The Executive team holds monthly staff briefings (both online and face-to-face) and, at least once a year, holds an all-staff meeting where the Society's strategic direction and objectives are communicated to staff.

We are actively engaged with our communities, particularly through our strategic partnerships with five local organisations. Society employees are encouraged to spend four hours a month volunteering with local organisations that align with the Society's mission.

We have a transparent and open relationship with our regulators and have regular dialogue with them directly and through our industry bodies. We review regulatory publications from both the regulators and wider stakeholder groups and take action as required.

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

Employee policies and practices are regularly reviewed to ensure they remain consistent with the Society's values and the relevant legal framework. Workforce policies and practices are available for all employees to access via a central repository, and the HR team is available to provide support.

The Society uses an anonymous online survey called Engagement Multiplier to measure employee engagement. These surveys are conducted regularly, and the results are presented to the Board. Based on the survey responses, a Management action plan is prepared as a result of the survey responses to progress any areas for improvement. Engagement Multiplier also allows employees to raise any issue or question anonymously at any time.

The Society has continued to operate a hybrid working policy for staff who can conduct their roles remotely.

Employee wellbeing remains a key focus for the Society. The Society has provided support to employees in several ways, including access to an Employee Assistance Programme offering confidential counselling and advice on a wide range of work and personal issues.

Division of responsibilities

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.*

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.*

The separate roles for Chair and Chief Executive are held by different people. Each role has its own job description approved by the Board. No individual has autonomous decision-making powers. The Board annually appoints the role of Chair.

Below is a summary of each role:

Chair

- **Leadership of the Board, setting the tone of organisational culture and values**
- **Ensuring the Board is effective in its duties**
- **Setting and monitoring the strategic direction and risk appetite**
- **Ensuring long-term sustainability of the Society**
- **Development and evaluation of Board Directors**
- **Leading open and honest debate and encouraging challenge in Board meetings**
- **Liaising with regulators as appropriate**

Peter Elcock is the incumbent Society Chair.

Role of the Deputy Chair

Steve Reid is the Society's Deputy Chair. The Deputy Chair acts as a sounding board for the Chair and undertakes the Chair's annual appraisal with the Senior Independent Director. They also stand for the Chair if they cannot attend a meeting or perform their duties.

Role of the Senior Independent Director

Fiona Ryder is the Society's Senior Independent Director. The Senior Independent Director is available for members to refer issues to that they have not been able to resolve via the Chair, Chief Executive or other Executive Directors or for matters where it is not appropriate to raise these issues directly with these Directors. The Senior Independent Director also assists the Deputy Chair in performing the Chair's appraisal. Fiona Ryder is also the Society's

Whistleblowing Champion, providing an independent point of contact for members of staff who may wish to raise issues. Fiona Ryder is also the Board's Consumer Duty Champion, supporting the Chair and CEO in ensuring the Duty is raised in all relevant Board discussions and challenging management on how the Society continues to focus on consumer outcomes.

Chief Executive

- **Implementation of the Board strategies and policies with support of the Executive team**
- **Ongoing management of the Society guided by risk management**
- **Implementing and monitoring processes, people and systems to ensure effective delivery of corporate plans and budgets**
- **Developing an effective working relationship with the Chair and Board of Directors**
- **Developing positive relationships with regulators, media, trade organisations, and other building societies to promote the Society and lobby on key issues in the corporate strategy**

Richard Norrington is the incumbent Society CEO.

Role of the Executive team

The Executive team works with the Chief Executive and Board to effectively implement strategies and policies within agreed budgets and time frames. It holds a leadership role within the business, ensuring the correct culture is embedded and that the relevant resources, people, and systems are utilised efficiently and to the aims of the corporate strategy and policies set by the Board. It is also responsible for development employees, delivering consistent, high-quality customer service standards, implementing effective systems within the business, and reporting and tracking progress towards our key performance and results indicators. The Executive team is also responsible for designing, operating and monitoring risk management systems and controls.

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.

The Society's Non-Executive Directors are drawn from a wide range of backgrounds to ensure that the Board has the appropriate skills, knowledge and experience to provide a robust level of challenge and debate. The role requires an understanding of business risks, commercial leadership within a framework of prudent and effective risk management controls, and the ability to monitor performance and resources while supporting the Executive in developing the Society.

The Society has a succession plan for all Non-Executive Director positions. Directors are informed of the time commitment in their letters of appointment. Prior to appointment, the Nominations Committee evaluates the ability of Directors to commit the time required for their role, considering information provided by referees. Once appointed, a process is put in place to approve new requests to take up roles elsewhere.

The Society has a process for evaluating the performance and effectiveness of individual Non-Executive Directors. This appraisal process includes a 360 questionnaire and feedback from all Non-Executive Directors. The Chair is evaluated by the Deputy Chair with assistance from the Senior Independent Director. The Chief Executive evaluates the Chief Financial Officer and the Chief Operating Officer as members of the Executive team. The Chair and the Deputy Chair assess the Chief Executive's performance, which is discussed at the Nominations Committee.

Corporate Governance continued.

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.

The Chair ensures that the Board receives sufficient information to discharge its responsibilities. The Society continuously improves management information to assist its Committees in discharging their terms of reference, and each Committee conducts an internal effectiveness review annually. Internal Audit reviews the adequacy of the information provided to the Board.

The Society provides a formal induction for new Directors. This includes the nature of building societies, Directors' responsibilities and duties, the management information they will be provided with and how to interpret this, information on the Society and the local market, an overview of the regulatory requirements and details of significant current issues for the industry.

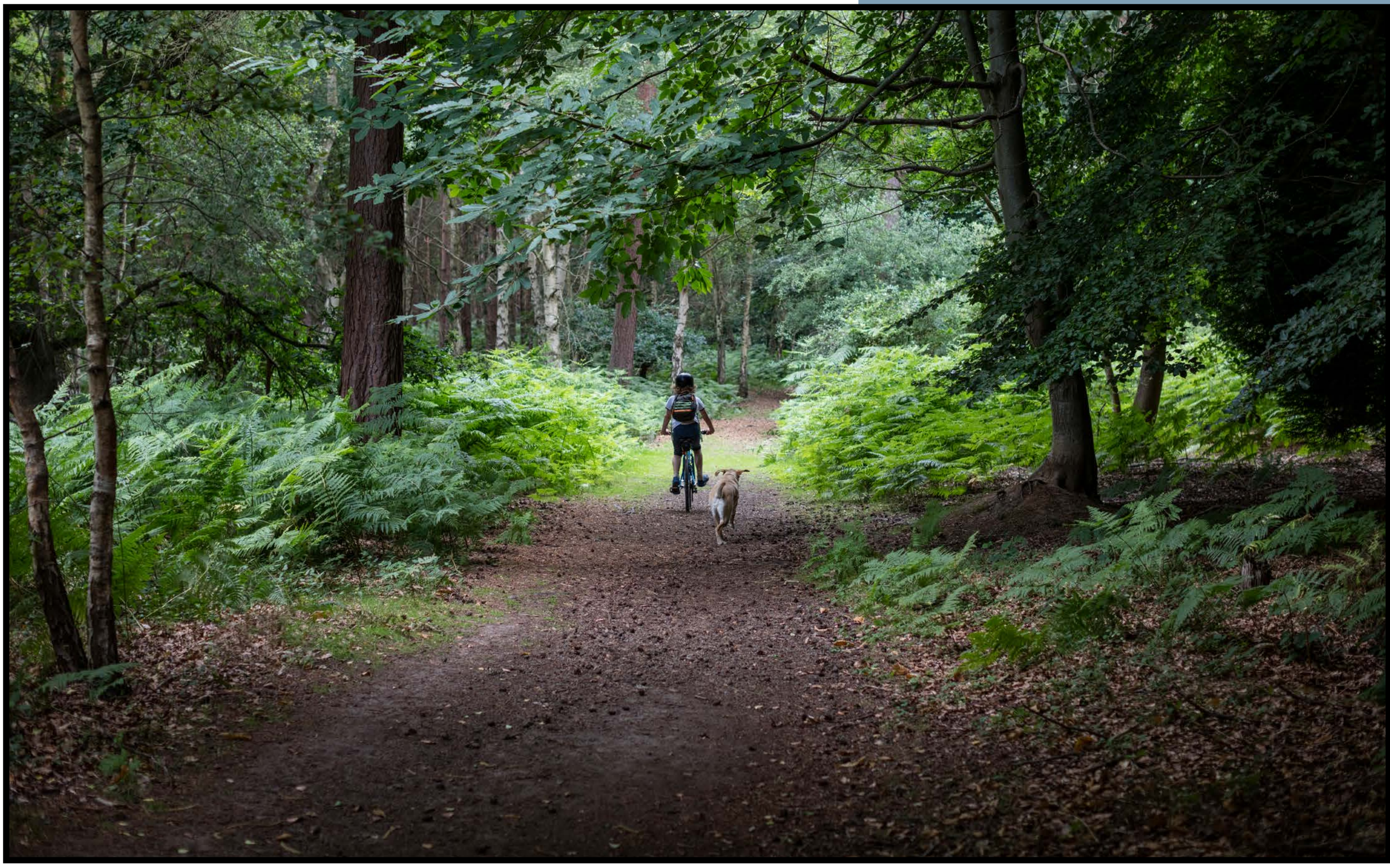
Directors attendance 2023/2024

Name/Title	Board Meetings	Audit Committee	Board Risk and Compliance Committee	Remuneration Committee	Nominations Committee
Peter Elcock Chair	8(8)*	–	–	3(3)	2(2)*
Sian Hill Non-Executive Director	8(8)	6(6)	–	3(3)	–
Steve Reid Non-Executive Director	8(8)	6(6)	5(5)*	–	2(2)
Steve Liddell Non-Executive Director	8(8)	6(6)*	5(5)	–	–
Fiona Ryder Non-Executive Director	8(8)	–	5(5)	–	2(2)
Elaine Lenc Non-Executive Director	8(8)	–	5(5)	3(3)*	2(2)
Richard Norrington Chief Executive Officer	8(8)	–	–	–	2(2)
Paul Johnson Chief Financial Officer	8(8)	–	–	–	–
Rebecca Newman Chief Operating Officer	8(8)	–	–	–	–

– not a member of the Committee.

* Denotes Chair of the Committee.

It should also be noted that in addition to attendance at the above meetings both Executive and Non-Executive Directors have been invited on occasion to attend Committees of which they are not members.



The Chair and Society Secretary ensure that Non-Executive Directors receive internal briefings, access online training modules, and attend industry seminars and conferences in order to continually update their skills and knowledge. In addition, prior to their appointment, all new Senior Managers undergo a comprehensive handover process to ensure they are fully aware of the specific responsibilities relating to their individual roles.

The Society Secretary provides support on corporate governance matters, and individual Board members can access independent advice if necessary.

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, and cognitive and personal strengths.*

The Society makes Non-Executive Director appointments on merit, based on the specific skills and experience required under the succession plan. The Nominations Committee meets as necessary to oversee the Board succession plan. The Society has appointed an independent executive search agency to identify and shortlist candidates for positions on the Board. This agency follows a methodical process for searching and shortlisting candidates to conduct a broad search of the marketplace. The Nominations Committee leads the recruitment process, although the Board makes the final decision. There were no appointments to the Board during 2024.

All Directors must meet the tests of fitness and propriety designed by the Financial Conduct Authority and the Prudential Regulation Authority and are required to notify the regulators. Prior to appointment, all Directors undergo basic disclosure and barring checks. Senior Managers (including Non-Executive Directors) with responsibilities for specific areas of business allocated to them must be pre-approved by the Regulator.

The Society is committed to diversity and currently has a 40% (2023: 40%) female representation on the whole Board. This representation is, therefore, above the recommendations of the Davies Report which, for diversity purposes, has set a minimum target of 25% female representation. The Society has signed up to the Women in Finance Charter. The initial target was for the Society to have 40% of female representation in senior management by November 2024. Because of limited changes in senior management personnel over the last two years, the Society has not been able to achieve this target. There was 25% female representation as of 30 November 2024. It has now set a revised target of 40% of females in senior management by November 2027.

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.*

As of 30 November 2024, the Board consisted of six Non-Executive Directors (including the Chair) and three Executive Directors, providing a balance of skills and experience appropriate for the requirements of the Society. The member mix of the Board and Committees is reviewed annually by the Nominations Committee to ensure that appropriate expertise and skills are maintained.

Non-Executive Directors will not usually serve more than nine years. The Code recommends annual re-elections for all Directors, and in line with good governance, all Directors will be put forward for annual re-election.

Corporate Governance continued.

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.

Each Non-Executive Director has an annual performance appraisal carried out by the Chair. The Chair's performance appraisal is facilitated through the Deputy Chair and Senior Independent Director, taking into account the views of all the Directors. The Non-Executive Directors and Chair give feedback to the Board on general issues of performance.

An external Board effectiveness review took place in 2023, conducted by FinWell Coaching & Consulting Limited. The review noted the progress made since the last external review in 2018. It included some recommendations to support further enhancements to good governance in the context of the Society's strategic ambitions, which the Board has implemented in 2024.

An internal Board Performance Review was conducted in 2024, with the findings considered by the Nominations Committee. The results showed the Board and its sub-committees continue to operate effectively, with some minor enhancements agreed to take forward into 2025.

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.

The Audit Committee comprises three independent Non-Executive Directors. The Executive Directors, the Chief Risk Officer, and as representatives from the internal and external auditors attend by invitation. The Chair is not a member but may attend by invitation.

The Audit Committee meets at least four times a year, and once a year, the external and internal auditors meet the Committee without the presence of the Executive Directors. Further details about the responsibilities of the Audit Committee and how it discharges those responsibilities are set out under section C above.

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

The responsibilities of the Directors in relation to the preparation of the Society's accounts and the statement that the business is a going concern are contained in the Directors' Report on page 34 and Directors' Responsibilities on page 35.

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.

Under the Building Societies Act 1986 and the Financial Services and Markets Act 2000, the Directors are responsible for establishing and maintaining appropriate control systems for the business. Executive Management is responsible for designing, operating, and monitoring risk management systems and controls.

Each Board and Management Committee is responsible for the risks and controls within its remit. The Board Risk and Compliance Committee assesses the adequacy of this process on behalf of the Board. The Internal Audit provides independent assurance to the Board on the effectiveness of the system of internal control through the Audit Committee.

The Board has reviewed the effectiveness of the ERMF and concluded that the Society has a strong risk management and compliance culture and that the current framework is effective and appropriate for the size and complexity of the business.

The information received and considered by the Audit Committee provided reasonable assurance that during the financial year, there were no material breaches of control or regulatory standards and that, overall, the Society maintained an adequate system of internal control.

The Directors' Remuneration Report, on page 32, explains how the Society complies with the Code Principles regarding remuneration.

Peter Elcock
Chair of the Board

11 February 2025

Directors' Remuneration Report.

The purpose of this Report is to inform Society members about our approach to the remuneration and financial wellbeing of all staff members, including the Executive and Non-Executive Directors, and how this is balanced with the financial sustainability of the Society.

The remuneration of Directors is detailed in note 6 of the accounts on page 54. All members eligible to vote at the Society's Annual General Meeting will have the opportunity to approve the Remuneration Report through an ordinary resolution (non-binding). The 2023 Report received a 91.8% positive vote.

This Report explains how the Society considers the principles of the UK Corporate Governance Code relating to remuneration as far as they apply to a mutual organisation of its size. The Society has adopted a Remuneration Policy which complies with the relevant elements of the FCA Remuneration Code and the PRA Remuneration Policy.

Our Approach

The Remuneration Committee's main duty is to make recommendations to the Board on the Society's general remuneration policy. This policy is a key part of the Society's people strategy and governance. Decisions regarding basic pay and performance-related pay are always intended to align with our commitment to the long-term business sustainability, values and objectives, and culture of our Society. In addition, any decisions regarding remuneration comply with the aims of the FCA remuneration Code.

Membership of the Remuneration Committee is solely comprised of Non-Executive Directors, all of whom are also members of the Society. Other individuals, such as the Chief Executive Officer and Chief Operating Officer, may be invited to attend all or part of the meeting as required. Reports and minutes of the Committee's meetings are circulated to all members of the Committee, and the Chair of the Committee reports at the Board meeting following a Committee meeting.

The Committee ensures that remuneration aligns with the Society's values, corporate objectives, and performance. It also oversees the Society's implementation of key values relating to diversity and inclusion, including updating the Board on the Society's Gender Pay Gap and progress against Women in Finance Charter targets. In addition, the Board is regularly updated on aspects relating to the Society's culture, including consideration of internal or external changes that may significantly impact our team members or culture.

2024 – Pay Decision

When determining the approach to remuneration throughout 2024, the Committee continued to be mindful of the performance of the Society, and the individual responsibilities of Directors, and the pay and employment conditions across our workforce and externally. The Committee was mindful that the Society must continue to compete to attract and retain team members against other employers in the local area and now, with the increase of remote working further afield. The Society pays at least the Real Living Wage to all employees, including Saturday employees and apprentices. The ratio between our highest-paid permanent member of staff and our lowest-paid regular permanent member of staff is 10:1.

In June 2024, the Board approved the Executive recommendation that salaries for all employees should be increased by at least 3% with effect from 1 June 2024. However, the 2024 salary review process sought to ensure that the Society supported those who may have been disproportionately affected by an increase in the cost of living. As a result, the Society's grade 'A' members of staff received an increase of above 3%. Other salary adjustments were made for career progression or significant changes in responsibilities. Executive Directors received a 3% salary increase.

The Society also conducted a comprehensive review of its employee benefits. This review resulted in an increase of holiday allowance and employer pension contributions for certain grades and the rationalisation of overtime and bank holiday payments. The Society also increased its level of maternity and paternity pay and sick pay. The accrual of additional holiday based on length of service was phased out. For 2025, the Society has introduced a scheme to allow employees to purchase additional holiday as part of a salary sacrifice scheme.

Results at the end of the year indicate that the Society achieved a good financial performance with positive customer experience scores. The Strategic Report provides more information on the performance of the Society during 2024. The Society will pay a bonus for grades A-D employees. The amount paid to individual employees is based on their individual performance throughout the year and is measured via the Society's performance appraisal process. The Society measures performance against role objectives and the Society's core Behaviour Framework.

Non-Executive Directors

The fees payable to Non-Executive Directors are assessed using information from comparable organisations (building societies of a similar size). Remuneration comprises a basic fee with a supplementary payment for holding the position of Chair of a Committee, Deputy Chair, Senior Independent Director or other additional responsibility. This fee reflects the additional responsibilities and time commitments of these positions. Fees for Non-Executive Directors are not pensionable, and Non-Executive Directors do not take part in any incentive scheme or receive any other benefits. Non-Executive Directors do not have employment contracts with the Society.

Directors' Remuneration Report. continued.

Annually, the Executive team and the Chair are responsible for setting the Non-Executive Directors' fees. The Board, with the exception of the Chair, agrees the Chair's fee.

Executive Directors

The remuneration of Executive Directors reflects their expertise, responsibilities and roles within the Society. The Executive Directors' benefit package is designed to motivate decision-making in the long-term interests of the Society and members as a whole. This year, it comprised basic salary, participation in a three-year performance-related pay scheme and various benefits. Further details of these are set out below. The Society has no share option scheme, and none of the Executive Directors have any beneficial interest in, or any rights to subscribe to, any instruments, or shares in, or debentures of, any connected undertaking of the Society.

Basic salary

Salaries are reviewed by benchmarking against jobs carrying similar responsibilities, from external salary benchmarking data from the building society sector and the financial services sector as a whole, as well as other UK and regional salary data. Consideration is given to the responsibility and complexity of the role, market conditions and demands, and the Society's very high-quality standards.

The Society's approach is not to compromise on quality standards and to seek to secure the best and most appropriate people for any particular role at a rate of remuneration consistent with the Society's financial, business, and member objectives.

Three-year performance-related pay (PRP) scheme:

A PRP scheme operated during the year for Executive Directors and Grade E employees. This was carefully designed to encourage the achievement of targets that maintain the financial strength and long-term sustainability of the Society. The PRP scheme currently allows a maximum of 20% of salary earned for the achievement of all targets set, which for 2024 were asset growth, cost management, capital, member and broker satisfaction metrics, and delivery of the strategic change agenda, all of which are subject to meeting defined financial performance and risk management criteria. In addition, the Committee monitors the Society's progress concerning Diversity and Inclusion and our ESG aims. The Society's development in these areas is a key consideration when deciding on PRP. At least one-third of this payment is deferred for up to a three-year period. The Committee considers that this deferral period is appropriate to ensure consistent performance is delivered over the longer term.

Pensions

The Society contributes between 17.5% and 20% of salary for Executive Directors' pension arrangements. For Richard Norrington and Paul Johnson, this is in the form of a cash equivalent payment.

Benefits

Executive Directors receive other taxable benefits, including a car allowance, travel and accommodation allowance when on Society business, and a private health care scheme, which covers the Directors and their families. The Society does not provide concessionary home loans to Directors.

Contractual terms

The Executive Directors are employed on open-ended service contracts; they require twelve months' notice to be given by the Society and six months' notice by the individual.

Elaine Lenc
Chair of the Remuneration Committee
11 February 2025

Directors' Report.

Information presented in other sections of the Annual Report and Accounts

Certain information which is required to be included in the Directors' Report has been included in the separate Strategic Report.

This information is deemed to form part of the Directors' Report: the Society's profitability and financial position; the principal risks and uncertainties facing the business; outlook for the business; detailed financial risk management disclosures.

Directors

- Peter Elcock – Chair
- Sian Hill – Non-Executive Director
- Paul Johnson – Chief Financial Officer
- Elaine Lenc – Non-Executive Director
- Steve Liddell – Non-Executive Director
- Rebecca Newman – Chief Operating Officer
- Richard Norrington – Chief Executive Officer
- Steve Reid – Non-Executive Director, Deputy Chair
- Fiona Ryder – Non-Executive Director, Senior Independent Director, Whistleblowing Champion and Consumer Duty Champion

From the 2024 AGM onwards, in line with the Society's Rules and good governance, all Directors will retire and stand for re-election. At the year end no director had an interest in any shares or debentures of the Society.

Other matters

Charitable & political donations

The Society made charitable donations totalling £50,400 (2023: £59,158) during the year. No contributions were made for political purposes.

The Society's Pillar 3 disclosure is available to read on its website at suffolkbuildingsociety.co.uk/about/governance

Supplier payment policy

Our policy is to pay invoices on receipt of the completed provision or service unless staged payments are agreed in advance. We operate within the payment terms agreed upon with our suppliers. As of 30 November 2024, we had an average of 22 days' purchases outstanding in trade creditors (2023: 21 days).

Going concern

The Board regularly engages in the forward planning of the business to ensure we meet the liquidity, capital, lending and retail savings balances defined in our corporate strategy and annual plan. Board members also consider our liquidity and capital requirements in further detail within our capital and liquidity adequacy assessments; these include the results of placing both requirements under significant stress scenarios. As a result of these considerations, the Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, the Accounts for the year ended 30 November 2024 continue to be prepared on a going concern basis, 12 months from the signing date of the financial statements.

Auditor

In accordance with Section 77 of the Building Societies Act 1986, a resolution for the re-appointment of BDO LLP as auditor is to be proposed at the forthcoming AGM.

On behalf of the Board of Directors

Peter Elcock
Chair

11 February 2025

Statement of Directors' Responsibilities.

Directors' responsibilities with respect to the Annual Report, Annual Business Statement, Directors' Report, and Annual Accounts.

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 Annual Accounts for each financial year. Under that law, they have elected to prepare the Annual Accounts in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

The Annual Accounts are required by law to give a true and fair view of the state of affairs of the Society as at the end of the financial year and of the income and expenditure of the Society for the financial year.

In preparing these Annual Accounts, the Directors must:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Annual Accounts;
- assess the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the Society or cease operations or have no realistic alternative but to do so.

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' responsibilities for 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 and controls as are appropriate to its business in accordance with the rules made by the Financial Conduct Authority and Prudential Regulation Authority under the Financial Services and Markets Act 2000.

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

They are also responsible for maintaining the integrity of the corporate and financial information on the Society's website. The legislation in the UK governing the preparation and dissemination of Annual Accounts may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Suffolk Building Society.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 30 November 2024 and of the Society's profit 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.

We have audited the financial statements of Suffolk Building Society (the 'Society') for the year ended 30 November 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Members' Interests, the Statement of Cash Flows and notes to the financial statements, 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 Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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 financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board of Directors on 9 July 2020 to audit the financial statements for the year ended 30 November 2020 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 5 years, covering the years ended 30 November 2020 to 30 November 2024. We remain independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Society.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- Assessing the Director's assessment of going concern including supporting financial forecasts through review of key ratios such as net assets, capital and liquidity for significant deterioration, indicating issues related to going concern;
- Reviewing the Society's Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) to assess whether it is consistent with the Directors' going concern assessment;
- Holding discussions with the Directors on whether events or conditions exist that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern. We corroborated those discussions by agreeing information acquired to supporting documents such evidence of cash flow forecasts and minutes of meetings of Board of Directors;
- Challenging the Directors' assumptions and judgements made with regards to their base forecast and reverse stress testing. In doing so we agreed key assumptions such as forecast growth to historic actuals and relevant market data and considered the historical accuracy of the Directors forecasts;
- Assessing how the Directors have factored in key external factors expected to impact the Society such as change in interest rates and house prices, current uncertain geopolitical and economic outlook, climate change and cyber-attacks and their corresponding economic impact, checking that these had been appropriately considered as part of the Directors' going concern assessment; and
- We read and evaluated the adequacy of the disclosures included in the financial statements in relation to going concern and considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

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 financial statements 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.

Independent auditor's report to the members of Suffolk Building Society continued.

Overview

Key audit matters	2024 Revenue Recognition Impairment losses on loans and advances	2023 Revenue Recognition Impairment losses on loans and advances
Materiality	Society financial statements as a whole. £606,000 (2023: £472,000) based on 1.25% (2023: 1.00%) of Net assets (2023: Net assets)	

An overview of the scope of our audit

Our audit approach was developed by obtaining an understanding of the Society's activities and the overall control environment. Based on this understanding, we assessed those aspects of the Society's transactions and balances which were most likely to give risk to a material misstatement.

Climate change

The disclosure of the Director's consideration of the impact of climate change on the risks of the Society is included in the Strategic Report and forms part of the Statutory other information. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities as set out in the "Other information" section of our audit report below.

In note 1, the Directors have explained how they have reflected the impact of climate change in their financial statements, and the significant judgements and estimates relating to climate change. These disclosures also explain the uncertainty regarding effects arising from climate change including the limited impact on accounting judgments and estimates for the current period under the requirements of accounting standards. We have performed our own quantitative and qualitative risk assessment of the impact of climate change on the Society, taking into consideration the sector in which the Society operates and how climate change affects this particular sector. We reviewed minutes of Board and Audit Committee meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Society's commitment as set out in note 1 may affect the financial statements and our audit. Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report to the members of Suffolk Building Society continued.

Key audit matter		How the scope of our audit addressed the key audit matter
Revenue recognition The Society's accounting policies are disclosed in Note 1.2 and explained in Note 1.14. As disclosed in Note 15 the EIR asset at year-end is £1,023k (2023: £1,271k).	The Society's mortgage interest income is recognised using an effective interest rate ("EIR") method in accordance with the requirements of the applicable accounting standards. This method involves adjusting fee and interest income to ensure it complies with the EIR method. While the models used to achieve this are not complex, they are reliant on the completeness and accuracy of input data. Significant management judgement is also required to determine the expected cash flows for the Society's loans and advances within these models. The key inputs and assumptions in the EIR models are the expected behavioural life assumptions of the mortgages due to the impact on timing and quantum of expected future cash flows. Errors within the EIR models themselves or bias in key assumptions applied could result in the material misstatement of revenue. We therefore considered the behavioural life assumptions of the residential and buy to let portfolio within revenue recognition to be a significant risk area and key audit matter.	• We understood and tested the design and operating effectiveness of the Society's controls, both manual and automated, over revenue recognition, including key reconciliations and processes to ensure complete and accurate capture of fees, interest charges, customer payments and balances; • We assessed whether the revenue recognition policies adopted by the Society are in accordance with requirements of the applicable accounting framework. This included an assessment of the types of fees and costs being spread within the effective interest rate models versus the requirements of the applicable financial reporting standard; • We identified the key data elements of the models and on a sample basis, we tested the completeness and accuracy of key data inputs being loan terms, repayment terms and upfront fees, by agreeing them back to underlying source data such as loan contracts; • We tested the functionality of the model including the consistency of the calculations with the accounting policy. We verified the arithmetic accuracy of the EIR model by performing a detailed review of the logic, consistency and integrity of the formulae throughout the EIR model and recalculated the model output for a sample of months; • We assessed the reasonableness of the loan behavioural life assumptions used by management by considering recent historical experience of loan behavioural lives based on customer behaviour, product type and market factors, where applicable; • We critically evaluated and challenged management's expected repayment profile assumptions, against recent historical experience of loan profile, including peer comparison and whether any adjustments to recent historical redemption profiles used in the EIR model were necessary to reflect expected changes in future redemption profiles including the impact of rise in interest rate in the current economic and inflationary environment. **Key observations:** We concluded that the fees and costs being deferred are reasonable and complete; the behavioural lives used in the EIR model are reasonable; and the data populating the EIR model is complete and accurate. We concluded that the resulting EIR adjustments made to revenue fall within our independent range of outcomes.

Impairment losses on loans and advances to customers *The Society's accounting policies are detailed in Note 1.6 with detail about judgements in applying Accounting policies and critical accounting estimates in Note 1.14.* *As disclosed in Note 16, the collective impairment provision at year-end is £385k (2023: £907k).*	The Society accounts for the impairment of loans and advances to customers using an incurred loss model. Estimating the collective loan loss provision requires significant management judgement and estimate in determining the value and timing of expected future cash flows. In accordance with the recognition and measurement criteria of applicable accounting standards, management has calculated a collective provision which is recognised for individual loans that do not show impairment but historical data indicates a likelihood of future losses. Estimating the collective loan loss provision requires significant management judgement and estimate in determining the value and timing of expected future cash flows. Due to the sensitivity to key inputs judgements, estimates and high degree of estimation uncertainty the Society's collective impairment provision has a potential range of reasonable outcomes greater than our materiality for the financial statements as a whole. Error within the loan loss provisioning models itself or bias in key assumptions applied could result in the material misstatement of impairment provisions. The significant assumption that we focused on in our audit was the equity hair cut used to calculate the loss given default which had greater level of management judgment and we considered this to be a significant risk and key audit matter.	We understood and tested the design and operating effectiveness of the Society's controls across the process relevant for impairment loss on loans and advances. • With the involvement of our IT specialists, we tested the operating effectiveness of the loan management system control that identifies and reports loans in arrears; • We assessed the collective provision methodology compared to the requirements of the applicable financial reporting standard; • We challenged the appropriateness of the key assumptions within the model such as impairment triggers, house pricing index, equity haircut and probability of default through a combination of benchmarking against comparable market information, sensitivity analysis and agreeing significant inputs to external data sources where applicable; • We checked the completeness and accuracy of data and key assumption inputs feeding into the model through agreeing them on a sample basis to underlying source data; • We challenged management on the appropriateness of use of probability of default (PD) sourced by management from an external party, its relevance, reliability and compliance with the incurred loss model; • We tested the appropriateness of the model and its logical application and then independently recalculated the results for the entire portfolio to test the integrity and mathematical accuracy of the model calculations; • For the collective impairment provision, we evaluated and challenged management key assumptions in the model. The assumptions challenged were: application of the House Price Index (HPI), including the forced sales discount, probability of default and the judgment underpinning the reversal of the management overlay in view of current economic conditions. These were challenged with reference to historic Society experience, the reasonableness of external data points used, and the level of the overall collective impairment provision to comparable peer organisations; • We challenged the adequacy of the provision by challenging the completeness of the modelled assumptions, assessing whether there were any model and data limitations that warranted the need to include an overlay. • We performed a stand-back assessment of the overall provision and coverage to determine if provision levels were reasonable and internally consistent; and • We reviewed the impairment and sensitivity analysis disclosures made by management to ensure compliance with the requirements of the applicable accounting standards and agreed the disclosures to supporting evidence. **Key observations:** We have not identified any indicators to suggest that the collective provision for loans and advances to customers is unreasonably estimated in consideration of the key assumptions and judgements made or that the related disclosures are not appropriate.

Independent auditor's report to the members of Suffolk Building Society continued.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	2024 £	2023 £
Materiality	£606,000	£472,000
Basis for determining materiality	1.25% of Net assets (2023: 1.00%) The increase to 1.25% of net assets in the current year is in line with our audit methodology and attributable to this being an established audit engagement (BDO's fifth year as auditors) as well as the limited changes that have occurred in the business and risk profile of the Society.	
Rationale for the benchmark applied	We determined that Net assets was the most appropriate benchmark considering the different stakeholders. Regulatory stability is considered to be a main driver for the Society as well as the purpose of the Society which is to optimise rather than maximise profits.	
Performance materiality	£454,000	£354,000
Basis for determining performance materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	On the basis of our risk assessment together with our assessment of the Society's overall control environment and expected total value of known and likely misstatements, based on past experience, our judgment was that overall performance materiality for the Society should be 75% of materiality.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £30,000 (2023: £23,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements 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.

Our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of Suffolk Building Society continued.

Other Building Societies Act 1986 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Building Societies Act 1986 and ISAs (UK) to report on certain opinions and matters as described below.

Annual business statement and 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 requirements of the Building Societies Act 1986; • The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • The information given in the annual business statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given. In the 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 financial statements are not in agreement with the accounting records; or • we have not received all the information and explanations we require for our audit.

Opinion on other matter prescribed by the Capital Requirements (Country-by-Country Reporting) Regulations 2013

In our opinion the information given on page 55 for the financial year ended 31 December 2024 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Society and the industry in which it operates;
- Discussion with management and those charged with governance;
- Obtaining and understanding of the Society's policies and procedures regarding compliance with laws and regulations; and

Independent auditor's report to the members of Suffolk Building Society continued.

- We considered the significant laws and regulations to be the Building Societies Act 1986, pension legislation, tax legislation.

The Society is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be requirements of the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA).

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of legal correspondence and correspondence with regulatory authorities for any instances of non-compliance with laws and regulations; and
- Review of financial statement disclosures and agreeing to supporting documentation;

Irregularities including fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Holding a fraud-focused discussion with BDO forensic specialists to supplement our assessment of how fraud might occur;
- Obtaining an understanding of the Society's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Conducting a review of correspondence with and reports from the regulators, including the PRA and the FCA;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls and in relation to accounting estimates such as the EIR and loan loss provisioning.

Our procedures in respect of the above included:

- Testing journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- Assessing significant estimates made by management for bias (refer to the key audit matters section for procedures performed).

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were deemed to have the appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our 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.

David Gonnelli
(Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
11 February 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income.

FOR THE YEAR ENDED 30 NOVEMBER 2024

	Notes	2024 £000	2023 £000
Interest receivable and similar income	2	**49,738**	42,290
Interest payable and similar charges	3	**(32,532)**	(23,571)
Net interest income		**17,206**	18,719
Fees and commissions receivable		**141**	192
Fees and commissions payable		**(177)**	(196)
Losses from other financial instruments at fair value through profit and loss	4	**(176)**	(159)
Other operating income		**15**	43
Total income		**17,009**	18,599
Administrative expenses		**(14,505)**	(13,820)
Depreciation and amortisation	5	**(846)**	(359)
Other operating charges	17, 18	**(24)**	(38)
Operating profit before impairment allowance and provisions		**1,634**	4,382
Impairment gains/(losses) on loans and advances to customers	16	**520**	(274)
Profit before tax		**2,154**	4,108
Tax on profit on ordinary activities	10	**(351)**	(843)
Profit for the financial year		**1,803**	3,265

Other Comprehensive Income

	Notes	2024 £000	2023 £000
Actuarial loss recognised in the pension scheme	9	**(79)**	(125)
- Movement in related deferred tax		**20**	31
Movement in fair value of debt securities	13	**(95)**	209
- Movement in related deferred tax		**24**	(52)
Revaluation loss on freehold property	17	**–**	(111)
- Movement in related deferred tax		**–**	38
Other deferred tax movement		**9**	–
Total comprehensive income for the year		**1,682**	3,255

The Notes to these Accounts are contained on pages 47 to 77.

Statement of Financial Position.

AS AT 30 NOVEMBER 2024

	Notes	**2024 £000**	2023 £000
Assets			
Liquid assets			
Cash in hand and balances with Bank of England	11	**107,441**	95,517
Loans and advances to credit institutions	12	**3,353**	2,282
Debt securities	13	**46,841**	21,383
Total liquid assets		**157,635**	119,182
Derivative financial instruments	14	**5,736**	12,030
Loans and advances to customers			
Loans fully secured on residential property	15	**737,780**	726,704
Loans fully secured on land	15	**610**	628
Total loans and advances to customers	15	**738,390**	727,332
Intangible fixed assets	17	**3,382**	2,693
Tangible fixed assets	18	**4,525**	4,334
Other assets	19	**334**	339
Prepayments and accrued income	20	**644**	515
Total assets		**910,646**	866,425
Liabilities			
Shares	21	**783,746**	703,344
Amounts owed to credit institutions	22	**35,359**	65,742
Amounts owed to other customers	23	**33,475**	34,366
Derivative financial instruments	14	**1,074**	895
Other liabilities	24	**5,535**	12,314
Accruals and deferred income	25	**1,497**	1,632
Deferred tax	10	**1,279**	1,159
Net pension liability	9	**189**	163
		862,154	819,615
Reserves			
General reserve		**47,576**	45,804
Revaluation reserve		**903**	922
Available-for-sale reserve		**13**	84
Total liabilities and reserves		**910,646**	866,425

The accounting policies and notes on pages 47 to 77 form part of these Accounts.

Approved by the Board of Directors on 11 February 2025.

Peter Elcock, Chair

Richard Norrington, Chief Executive Officer

Statement of Changes in Members' Interests.

FOR THE YEAR ENDED 30 NOVEMBER 2024

	General reserves 2024 £000	Revaluation reserve 2024 £000	Available-for-sale reserve 2024 £000	Total reserves 2024 £000
At 1 December 2023	**45,804**	**922**	**84**	**46,810**
Total comprehensive income for the year				
Profit for the year	**1,803**	**–**	**–**	**1,803**
Other comprehensive income	**(59)**	**9**	**(71)**	**(121)**
Transfer between reserves	**28**	**(28)**	**–**	**–**
	1,772	**(19)**	**(71)**	**1,682**
At 30 November 2024	**47,576**	**903**	**13**	**48,492**

The Notes to these Accounts are contained on pages 47 to 77.

	General reserves 2023 £000	Revaluation reserve 2023 £000	Available-for-sale reserve 2023 £000	Total reserves 2023 £000
At 1 December 2022	42,602	1,026	(73)	43,555
Total comprehensive income for the year				
Profit for the year	3,265	–	–	3,265
Valuation losses on freehold property	–	(73)	–	(73)
Other comprehensive income	(94)	–	157	63
Transfer between reserves	31	(31)	–	–
	3,202	(104)	157	3,255
At 30 November 2023	45,804	922	84	46,810

Statement of Cash Flows.

FOR THE YEAR ENDED 30 NOVEMBER 2024

	Notes	**2024 £000**	2023 £000
Cash flows from operating activities			
Profit before tax		**2,154**	4,108
Adjustments for:			
Depreciation and amortisation of fixed assets	17, 18	**846**	359
Impairment (gains)/losses on loans and advances to customers	16	**(520)**	160
Loss on disposal of tangible fixed assets		**–**	7
Impairment loss on intangible fixed assets		**–**	718
Changes in fair values of financial instruments at fair value through the Statement of Comprehensive Income	4	**176**	159
Movement in premium in debt securities		**(298)**	–
Net cash generated by operating activities		**2,358**	5,511
Changes in operating assets and liabilities			
Increase in prepayments and accrued income	13, 20	**(310)**	(794)
Increase/(Decrease) in accruals and deferred income	25	**(135)**	411
Decrease/(Increase) in other assets	19	**307**	(180)
Decrease in other liabilities	24	**(6,196)**	(2,810)
Net pension scheme payment	9	**(53)**	(193)
Increase in loans and advances to customers	15	**(4,356)**	(69,060)
Taxation paid	10	**(1,065)**	(950)
Movement in Shares	21	**80,242**	65,540
Amounts owed to credit institutions and other customers	22, 23	**(31,274)**	1,451
Net cash (used)/generated by operating activities		**37,160**	(6,585)
Cash flows from investing activities			
Purchase of debt securities	13	**(44,797)**	(15,826)
Proceeds on maturity of debt securities	13	**20,000**	17,045
Purchase of tangible fixed assets	18	**(422)**	(155)
Purchase of intangible fixed assets	17	**(1,304)**	(1,580)
Net used by investing activities		**(26,523)**	(516)
Net (decrease)/increase in cash and cash equivalents		**12,995**	(1,590)
Cash and cash equivalents			
At 1 December	11, 12	**97,799**	99,389
Movement in the year		**12,995**	(1,590)
At 30 November	11, 12	**110,794**	97,799

The Notes to these Accounts are contained on pages 47 to 77.

Notes to the Financial Statements.

FOR THE YEAR ENDED 30 NOVEMBER 2024

General information and basis of preparation

Suffolk Building Society ("the Society") has prepared these Society Annual Accounts in accordance with the Building Societies Act 1986, the Building Societies (Accounts and Related Provisions) Regulations 1998 and Financial Reporting Standard 102: *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (FRS 102) as issued in March 2018. The Society has also chosen to apply the recognition and measurement provisions of IAS 39: *Financial Instruments: Recognition and Measurement* (as adopted for use in the UK). The presentation currency of these Annual Accounts is sterling. All amounts in the Annual Accounts have been rounded to the nearest £1,000.

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

Judgements made by the Directors in the application of these accounting policies that have a significant effect on the Annual Accounts and estimates with a significant risk of material adjustment in the next year are discussed in Note 1.14.

The Directors have prepared these Accounts on a going concern basis. The Board regularly engages in the forward planning of the business to ensure the Society meets the liquidity, capital, lending and retail savings balances defined in its corporate strategy and annual plan. Board members also consider both liquidity and capital requirements in further detail within its capital and liquidity adequacy assessments; these include the results of placing both requirements under significant stress scenarios. As a result of these considerations, the Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future. For this reason, the Accounts for the year ended 30 November 2024 continue to be prepared on a going concern basis, 12 months from the signing date of the financial statements.

1.1 Measurement convention

The Annual Accounts are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: freehold land and buildings, derivative financial instruments and financial instruments classified either at fair value through profit or loss (FVTPL) or available-for-sale.

1.2 Interest

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

The calculation of the effective interest rate includes transaction costs and fees paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the income statement and other comprehensive income include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis
- interest on available-for-sale investment securities calculated on an effective interest basis
- interest on interest rate derivatives.

Fair value changes in derivatives and other financial assets and financial liabilities carried at fair value through profit or loss are presented in gains or losses on other financial instruments at fair value through profit or loss in the statement of comprehensive income.

1.3 Fees and commission

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

Other fees and commission income, including account servicing fees, sales commission, and other fees are recognised as the related services are performed.

1.4 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.5 Taxation

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

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

Deferred tax is provided on timing differences that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the Annual Accounts. The following timing difference is not provided for: differences

between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the date of the Statement of Financial Position. For non-depreciable assets measured using the revaluation model or investment property measured at fair value or deferred tax is provided at the rates and allowances applicable to the sale of the asset/property. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.6 Financial instruments

Recognition

The Society initially recognises loans and advances, deposits, debt securities issued, and subordinated liabilities on the date they originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Society becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value, plus, for an item not at fair value through profit or loss, transaction costs directly attributable to its acquisition or issue.

Classification

Financial assets

The Society classifies its financial assets into one of the following categories:

- Loans and advances

'Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Society does not intend to sell immediately or in the near term.

Loans and advances are initially measured at fair value plus incremental direct transaction costs and subsequently measured at their amortised cost using the effective interest method (see Note 1.2). When the Society chooses to designate the loans and advances as measured at fair value through profit or loss, they are measured at fair value with face value changes recognised immediately in profit or loss.

Should the Society purchase a financial asset and simultaneously enter into an agreement to resell the asset (or a substantially similar asset) at a fixed price on a future date (reverse repo or stock borrowing), the arrangement would be accounted for as a loan or advance. The underlying asset would not be recognised in the Society's Annual Accounts.

- Available-for-sale

'Available-for-sale investments' are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

Interest income is recognised in profit or loss using the effective interest method (see Note 1.2). Impairment losses are recognised in profit or loss.

Other fair value changes, other than impairment losses, are recognised in Other Comprehensive Income (OCI) and presented in the available-for-sale reserve within equity. When the investment is sold, the gain or loss accumulated in equity is reclassified to profit or loss.

- At fair value through profit or loss

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

Fair value hedges

On initial designation of the hedge, the Society formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Society makes an assessment, both at inception of the hedge relationship and on an ongoing basis, of whether the hedging instrument(s) is/are expected to be highly effective in offsetting the changes in the fair value of the respective hedged item(s) during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80–125%.

Where a derivative financial instrument is designated as a hedge of the variability in fair value of a recognised asset or liability or an unrecognised firm commitment, all changes in the fair value of the derivative are recognised immediately in profit or loss. The carrying value of the hedged item is adjusted by the change in fair value that is attributable to the risk being hedged (even if it is normally carried at cost or amortised cost) and any gains or losses on remeasurement are recognised immediately in the income statement (even if those gains would normally be recognised directly in reserves). If hedge accounting is discontinued and the hedged financial asset or liability has not been derecognised, any adjustments to the carrying amount of the hedged item are amortised into profit or loss using the effective interest method over the remaining life of the hedged item.

Financial liabilities

The Society classifies its financial

Notes to the Financial Statements. continued.

liabilities as measured at amortised cost or fair value through profit or loss.

Derecognition

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

On derecognition of a financial asset, 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 (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition created or retained by the Society is recognised as a separate asset or liability.

The Society enters into transactions whereby it transfers assets recognised on its Statement of Financial Position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending, and sale and repurchase transactions.

Measurement

Amortised cost measurement

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

Fair value measurement

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

When available, 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 for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Society uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account when pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Society determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

Identification and measurement of impairment

At each reporting date, the Society assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets are 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer
- default or delinquency by a borrower
- indications that a borrower or issuer will enter bankruptcy
- the disappearance of an active market for a security
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Society considers evidence of impairment for loans and advances and available-for-sale investment securities at both a specific asset and a collective level. All individually significant loans and advances, and available-for-sale investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. The Society writes off the value of any loss if and when a loss is realised. Loans and advances and available-for-sale investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and available-for-sale investment securities with similar risk characteristics.

In assessing collective impairment, the Society uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly

benchmarked against actual outcomes to ensure they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

The purpose of forbearance is to support customers with temporary financial difficulties and help them get back on track. A range of forbearance options is available to support customers with financial difficulty. The main options offered by the Society include:

- temporary transfer to an interest only mortgage
- reduced monthly payments
- extension of mortgage term
- capitalisation of arrears.

Customers requesting a forbearance option will need to provide information to support the request, which is likely to include a budget planner, statement of assets and liabilities, bank/credit card statements, payslips, etc, so the request can be properly assessed. If the forbearance request is granted, the account is monitored following our policy and procedures. At the appropriate time, the forbearance option that has been implemented is cancelled, with the exception of capitalisation of arrears, and the customer's normal contractual payment is restored. Where a loan is not expected to be fully recoverable, a specific provision for the shortfall is made.

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to the application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

1.7 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash comprises cash in hand and unrestricted loans and advances to credit institutions repayable on demand. Cash equivalents comprise highly liquid unrestricted investments that are readily convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

The Statement of Cash Flows has been prepared using the indirect method.

1.8 Tangible fixed assets

Freehold land and buildings are stated at revalued amounts, being the fair value, determined by market-based evidence at the date of valuation, less any depreciation subsequently accumulated and subsequent impairment. The difference between the amount of depreciation charged in the year on the revalued amount and what would have been charged based on the historical cost is transferred between the Revaluation Reserve and General Reserves each year. Full valuations are completed at least every five years, followed by interim valuations three years later. The Directors review the valuations to confirm they remain appropriate in the intervening years. Increases in valuations of freehold properties are credited to Other Comprehensive Income except to the extent that they reverse previous impairment losses recognised in the Income Statement for the same assets, in which case they are credited to the Income Statement. Decreases in valuations are recognised in the Income Statement except to the extent that they reverse amounts previously credited to Other Comprehensive Income for the same assets, in which case they are recognised in Other Comprehensive Income.

All other tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets. For example, land is treated separately from buildings.

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of a finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at the inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition, a finance lease liability is recognised as equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Society assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line

Notes to the Financial Statements. continued.

basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- buildings 50 years
- branch fitting out costs 10 - 15 years
- equipment, fixtures and vehicles 5 - 10 years
- computer equipment 3 - 5 years

Depreciation methods, useful lives, and residual values are reviewed if there is an indication of a significant change since the last annual reporting date in the pattern by which the Society expects to consume an asset's future economic benefits.

1.9 Intangible assets

Software development

Intangible assets relating to the development of the Society's core IT system, mortgage origination system, and online savings platform are stated at cost less accumulated amortisation and less accumulated impairment losses. Amortisation is charged to the profit or loss on a straight-line basis from the date the assets are available for use over the life of the IT supply contract or over a shorter period where it is felt that the Society will not draw value from the systems over the life of the contract. The estimated useful life of the software is between 5 - 10 years. The Society reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date. In addition, the assets are assessed for impairment in accordance with Section 27 of FRS 102.

1.10 Impairment excluding financial assets and deferred tax assets

The carrying amounts of the Society's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or CGU).

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.11 Employee benefits

The Society operates both a defined benefit pension scheme and a defined contribution pension scheme, funded by contributions from the Society and its employees. The defined benefit scheme was closed to new members with effect from 1 January 2001 and was made paid-up at 31 March 2006.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which the Society pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Society's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted. The Society determines the net interest income/(expense) on the net defined benefit asset/(liability) for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability/(asset), taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the date of the Statement of Financial Position on AA credit-rated bonds denominated in the currency of and having maturity dates approximating the terms of the Society's obligations. A valuation is performed triennially by a qualified actuary using the projected unit credit method. The entity recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in profit or loss.

Remeasurement of the net defined benefit liability/asset is recognised in other comprehensive income in the period it occurs.

1.12 Provisions

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

1.13 Sale and repurchase agreements

Investments and other securities may be lent or sold subject to a commitment to repurchase them (a "repo"). Such securities are retained within the Statement of Financial Position when substantially all the risks and rewards of ownership remain within the Society, and the liability associated with the cash advanced is included separately within the Statement of Financial Position.

The difference between the sale and repurchase price is accrued over the life of the agreements and recognised within net interest income.

1.14 Critical estimates and judgements

The Society makes critical estimates and judgements in the following areas:

- Impairment losses on loans and advances to customers

The Society reviews its mortgage portfolio at least quarterly to assess impairment. In determining whether an impairment loss should be recorded, the Society is required to exercise a degree of judgement, including the use of post-model adjustments to the impairment provision model (see Note 16). Impairment provisions are calculated using externally provided probability of default statistics, historical arrears experience, and expected cash flows. Estimates are applied to determining prevailing market conditions, including interest rates and house prices and the length of time expected to complete the sale of properties in possession. The accuracy of the provision would, therefore, be affected by unexpected changes to these assumptions.

Sensitivity analysis has been carried out on the allowance for impairment by i) altering the percentage of collateral that it is estimated would be recovered in the event of repossession by +/-5% and ii) altering the probability of default by +/-50%. The combined effect of favourable stresses resulted in an increase in profit for the year of £303k. The combined effect of adverse stresses resulted in a decrease in profit for the year of £574k. The impairment provision would decrease or increase accordingly.

- Effective interest rate (EIR)

The EIR will affect the carrying values of loans and receivables. One of the key components of the EIR is the expected life of the asset. In determining the expected life of mortgage assets, the Society uses historical and forecast redemption data and management judgement. At least annually, the expected life of mortgage assets is reassessed for reasonableness. Any variation in the expected life of mortgage assets will change the carrying value in the Statement of Financial Position and the timings of the recognition of interest income.

Doubling the period from the date of maturity of a mortgage product to the point at which the borrower switches to another mortgage product or redeems their mortgage increases net interest income by £548k. However, halving the period decreases net interest income by £284k. The EIR asset increases and decreases accordingly.

- Defined benefit pension scheme

The defined benefit pension scheme exposes the Society to actuarial risks such as investment risk, interest rate risk, inflation risk and longevity risk. In conjunction with its actuaries, the Society makes key financial and demographic assumptions that are used in the actuarial valuation of the defined benefit pension obligation, and, therefore, changes to these assumptions impact on the pension obligation shown within the Statement of Financial Position. The key assumptions include inflation rates, discount rates and life expectancy. See Note 9 for further details on these assumptions. A decrease in discount rate of 0.50% per annum would increase liabilities by £226k, an increase in inflation of 0.10% would increase inflation-linked liabilities by 1%, or £19k, and a one-year increase in life expectancy would increase liabilities by 3%, or £108k. Each of these sensitivities considers that change in isolation.

1.15 The impact of Climate risk on the accounting judgements and estimates

The Society makes use of reasonable and supportable information to make accounting judgements and estimates relating to its balance sheet, including loans and freehold properties. This includes information about the observable effects of the physical and transition risks of climate change on the current creditworthiness of borrowers, asset values and market indicators, where relevant. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgements and estimates for the current period. Some physical and transition risks can manifest in the shorter term.

The following items represent the most significant assumptions:

- The use of market indicators as inputs to fair value is assumed to include current information and knowledge regarding the effect of climate risk.
- The measurement of loan loss provision with regard to the valuation of collateral is adjusted to include current information and knowledge regarding the effect of climate risk.

02 Interest receivable and similar income

	2024 £000	2023 £000
On loans fully secured on residential property	**35,500**	30,463
On other loans	**24**	25
On debt securities		
Interest and other income	**1,924**	1,029
On other liquid assets		
Interest and other income	**5,264**	3,653
Total interest income calculated using the effective interest method for financial instruments not measured at fair value through profit or loss	**42,712**	35,170
Net income/(expense) on asset derivatives	**7,026**	7,120
	49,738	42,290

Interest income on loans includes an amount relating to the effective interest rate adjustment of £207k (2023: £432k).

03 Interest payable and similar charges

	2024 £000	2023 £000
On shares held by individuals	**28,289**	18,756
On deposits held by non-members	**1,306**	1,294
Term Funding Scheme Interest	**1,847**	2,256
Indexed Long Term Repo Interest	**323**	562
Total interest expense calculated using the effective interest method for financial instruments not measured at fair value through profit or loss	**31,765**	22,868
Net expense on liability derivatives	**368**	87
On cash collateral received relating to asset derivatives	**399**	616
	32,532	23,571

04 Net loss from other financial instruments at fair value through profit and loss

	2024 £000	2023 £000
Derivatives in designated fair value hedge relationships	**(6,249)**	(4,515)
Adjustments to hedged items in fair value hedge relationships	**6,021**	3,843
Derivatives not in designated fair value hedge relationships	**52**	513
	(176)	(159)

05 Administrative expenses

	2024 £000	2023 £000
Staff costs		
Wages and salaries	**6,221**	5,798
Social security costs	**661**	620
Other pension costs	**551**	503
	7,433	6,921
Other administrative expenses	**7,072**	6,893
	14,505	13,814

Amounts receivable by the Society's Auditor is included within other administrative expenses and comprise fees in respect of:

	2024 £000	2023 £000
Audit of these financial statements	**302**	289
Other services	**–**	45
	302	334

These fees are shown exclusive of VAT.

06 Remuneration of Directors

	2024 £000	2023 £000
Non-Executive Directors		
P Elcock (appointed Chair, 22nd December 2022)	**52.5**	48.1
A Harris (resigned 22nd December 2022)	**0.0**	3.0
S Hill	**32.0**	30.5
E Lenc	**34.0**	32.5
S Liddell	**34.0**	32.5
S Reid (Deputy Chair)	**36.5**	35.0
F Ryder	**34.0**	30.5
	223.0	212.1

Non-Executive Directors also receive reimbursement for travel and subsistence expenses incurred as part of their duties, in line with the Society's expense policy.

		Performance-Related Pay					
	Salary	**Payable now**	**Deferred**	**Benefits**	**Sub Total**	**Pension Entitlements**	**Total**
Executive Directors	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
2024							
R Norrington (Chief Executive Officer)	**223.3**	**30.2**	**15.1**	**18.5**	**287.1**	**44.7**	**331.8**
P Johnson (Chief Financial Officer)	**167.0**	**22.6**	**11.3**	**16.2**	**217.1**	**29.2**	**246.3**
R Newman (Chief Operating Officer)	**134.5**	**18.2**	**9.1**	**13.0**	**174.8**	**23.5**	**198.3**
	524.8	**71.0**	**35.5**	**47.7**	**679.0**	**97.4**	**776.4**

		Performance-Related Pay					
	Salary	Payable now	Deferred	Benefits	Sub Total	Pension Entitlements	Total
Executive Directors	£000	£000	£000	£000	£000	£000	£000
2023							
R Norrington (Chief Executive Officer)	202.9	29.3	14.7	18.5	265.4	40.6	306.0
P Johnson (Chief Financial Officer)	159.8	21.9	11.0	16.2	208.9	28.0	236.9
R Newman (Chief Operating Officer)	128.8	17.7	8.8	13.1	168.4	23.1	191.5
	491.5	68.9	34.5	47.8	642.7	91.7	734.4

R Norrington and P Johnson have elected to receive cash payments in respect of pension entitlements.
Benefits include health care, car allowance and subsistence allowance.
Total Directors' remuneration amounted to £999.4k (2023: £946.5k).

07 Employees

	2024 Full time	**2024 Part time**	2023 Full time	2023 Part time
The average number of persons, including Executive Directors, employed during the year was as follows:				
Head Office	**81**	**37**	76	35
Branch Offices	**17**	**33**	18	35
	98	**70**	94	70

The average number of persons, including Executive Directors, employed during the year on a full time equivalent basis was 138 (2023: 136).

08 Country by Country Reporting

The Capital Requirements (Country by Country Reporting) Regulation 2013 places certain reporting obligations on financial institutions that are within the scope of EU Capital Requirements Directive (CRD IV).

The objective of the country-by-country reporting requirements is to provide increased transparency regarding the source of the financial institution's income and the locations of its operations. Suffolk Building Society is a UK-registered entity.

Name, nature of activities, and geographical location: Suffolk Building Society is a deposit taker and lender that is not part of a group and operates only in the United Kingdom.

	2024 £000	2023 £000
Turnover	**17,009**	18,599
Profit before tax	**2,154**	4,108
Corporation tax paid	**1,065**	950
Number of employees on a full time equivalent basis	**138**	136

Turnover is defined as total income.

During the year, the Society has participated in the Bank of England Term Funding Scheme.

Corporation tax paid in 2024 is in respect of the results for the year ended 30 November 2023.
Details of Bank of England Funding are in Note 22.

09 Pension arrangements

The Society operates a defined benefit scheme in the UK. This fund, administered by a separate trustee, holds the pension scheme assets to meet long-term pension liabilities. On 30 November 2021, a qualified actuary, independent of the scheme's sponsoring employer, performed a full actuarial valuation. The scheme is closed to new members and further accruals.

The Society's policy is to eliminate any deficits of the scheme through additional contributions in agreement with the trustees and in accordance with the actuarial valuation.

The Society is aware of a UK High Court legal ruling in June 2023 in Virgin Media Limited v NTL Pension Trustees II Limited, which determined that certain historic rule amendments made to a formerly contracted out final salary pension scheme were invalid if they were not accompanied by actuarial certifications. The ruling was subject to appeal and in July 2024 the Court of Appeal confirmed the UK High Court ruling from 2023. The Society, together with the Trustee of the pension scheme will be assessing the possible impact of this ruling. As it is not possible at present to estimate the impact, if any, from the ruling, no adjustments have been made to the defined benefit obligation recognised in the financial statements.

(a) Defined benefit pension scheme

Present values of defined benefit obligation, fair value of assets and defined benefit liability

	2024 £000	2023 £000
Fair value of plan assets	**3,603**	3,577
Present value of defined benefit scheme obligation	**(3,792)**	(3,740)
Deficit in the plan	**(189)**	(163)
Defined benefit scheme liability to be recognised	**(189)**	(163)
Deferred tax	**47**	41
Net defined benefit liability to be recognised	**(142)**	(122)

09 Pension arrangements (continued)

	2024 £000	2023 £000
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at the start of the period	**3,740**	4,191
Interest expense	**193**	181
Expected return on scheme assets (excluding amounts included in net interest cost)	**64**	(435)
Benefits paid	**(205)**	(197)
Defined benefit scheme obligation at the end of the year	**3,792**	3,740

	2024 £000	2023 £000
Reconciliation of opening and closing balances of the fair value of the plan assets		
Fair value of plan assets at start of period	**3,577**	3,958
Interest income	**186**	176
Actuarial losses	**(15)**	(560)
Contributions by the Society	**60**	200
Benefits paid	**(205)**	(197)
Fair value of plan assets at end of the year	**3,603**	3,577

The actual return on the scheme assets over the period ending 30 November 2024 was a gain of £171k (2023: £384k loss).

	2024 £000	2023 £000
Defined benefit scheme expense recognised in profit or loss		
Net interest cost	**(7)**	(6)
Defined benefit scheme costs recognised in profit or loss	**(7)**	(6)

	2024 £000	2023 £000
Defined benefit scheme costs recognised in other comprehensive income		
Return on scheme assets (excluding amounts included in net interest cost) - (loss)	**(15)**	(560)
Experience (losses)/gains arising on the plan liabilities	**(8)**	2
(Losses)/gains due to effects of changes in the demographic and financial assumptions underlying the present value of the plan liabilities	**(56)**	433
Total loss recognised in other comprehensive income	**(79)**	(125)

09 Pension arrangements (continued)

	2024 £000	2023 £000	2022 £000
Assets			
Growth assets	**1,912**	1,873	1,844
Bonds	**466**	126	227
Cash	**160**	275	228
Liability driven investments	**1,065**	1,303	1,659
Total assets	**3,603**	3,577	3,958

The Scheme's investment strategy is to invest in a mixture of growth assets, designed to produce a target level of return to help reduce the Scheme's funding deficit, and liability-driven investments, designed to hedge risk caused by interest rate and inflation on the Scheme's liabilities and protect the Scheme's funding position. None of the assets shown above includes any of the Society's own financial instruments or any property occupied by or other assets used by the Society.

	2024 % per annum	2023 % per annum	2022 % per annum
Assumptions			
Rate of discount	**5.15**	5.30	4.45
Long-Term Inflation (RPI)	**3.20**	3.20	3.10
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	**3.20**	3.20	3.10
Allowance for pension in payment increases of RPI or 5% p.a. if less	**3.00**	3.00	2.90
Allowance for pension in payment increases of RPI or 2.5% p.a. if less	**2.00**	2.00	2.00
Allowance for commutation of pension for cash at retirement	**90% of Post A Day**	90% of Post A Day	90% of Post A Day

The mortality assumptions adopted at 30 November 2024 imply the following life expectancies:

	2024 Years	2023 Years
Male retiring in current year	**23.0**	23.0
Female retiring in current year	**24.6**	24.6
Male retiring in 2044 (2023: 2043)	**24.7**	24.7
Female retiring in 2044 (2023: 2043)	**26.4**	26.4

A decrease in the discount rate of 0.50% per annum would increase liabilities by £226k, an increase in inflation of 0.10% would increase inflation-linked liabilities by 0.5%, or £19k, and a one-year increase in life expectancy would increase liabilities by 3%, or £108k. Each of these sensitivities considers that change in isolation.

The Society expects to agree any new schedule of contributions with the Trustee of the scheme in the current year on completion of a valuation.

(b) Defined contribution pension scheme

For staff previously not eligible to join the defined benefit pension scheme and all qualifying staff From 1 April 2006, the Society operates a defined contribution scheme. The Society additionally funds the cost of life assurance cover for its staff.

Summary of employer's contributions:

Employer's contributions included within the Accounts were fully paid to the scheme and were as follows:	2024 £000	2023 £000
Defined contribution scheme	**551**	503

Where applicable, payments into Executive Directors' personal pension plans after 1 April 2006 are included within the employer's contributions paid in respect of the defined contribution scheme as stated above and are disclosed in Note 6 of these Financial Statements.

10 Tax on profit on ordinary activities

	2024 £000	2023 £000
UK corporation tax at 25% (2023: 23%)	**316**	883
Adjustment for previous periods	**(138)**	(98)
Current tax charge for the year	**178**	785
Deferred tax		
Origination/reversal of timing differences	**33**	58
Adjustment for previous periods	**140**	–
Total deferred tax	**173**	58
Tax on profit on ordinary activities	**351**	843

The actual current tax charge for the year differs from that calculated using the standard rate of corporation tax in the UK. The differences are explained as follows:

	2024 £000	2023 £000
Profit before tax	**2,154**	4,108
Theoretical tax charge at the standard rate of 25% (2023: 23%)	**539**	945
Effects of		
Adjustments in respect of non-qualifying assets	**(190)**	(7)
Utilisation of deferred tax items at differing rates	**–**	3
Adjustments in respect of prior years - current tax	**(138)**	(98)
Adjustments in respect of prior years - deferred tax	**140**	–
Total tax charge for the year	**351**	843

	2024 £000	2023 £000
Deferred tax assets and liabilities		
Deferred tax assets		
Capital losses	**20**	20
Retirement benefit obligations	**47**	41
Employee benefits	**60**	52
	127	113
Deferred tax liabilities		
Accelerated capital allowances	**(1,067)**	(899)
Property revaluation	**(288)**	(297)
Business asset rollover relief	**(44)**	(44)
Available-for-sale assets	**(4)**	(28)
Other	**(3)**	(4)
	(1,406)	(1,272)
Net deferred tax liability	**(1,279)**	(1,159)

Changes in the Finance Act 2021 included that, effective from 1 April 2023, the UK corporation tax rate would increase to 25% for companies with profits of over £250k. The Society has, therefore, valued deferred tax asset and liability exposures at 25% for accounting purposes.

The movement in the deferred tax liability pertaining to the property revaluation was a decrease of £9k for the year. The decrease related to the impact of timing differences.

11 Cash in hand and balances with Bank of England

	2024 £000	2023 £000
Balances held with the Bank of England	**106,651**	94,837
Cash in hand	**790**	680
	107,441	95,517

12 Loans and advances to credit institutions

	2024 £000	2023 £000
Repayable on demand	**3,353**	2,282

13 Debt securities

	2024 £000	2023 £000
Certificates of deposit	**15,533**	5,210
Floating rate notes	**10,137**	10,191
Gilts	**16,173**	5,982
T-Bills	**4,998**	–
	46,841	21,383

Debt securities have remaining maturities from the date of the Statement of Financial Position as follows:

	2024 £000	2023 £000
Accrued interest	**831**	373
In not more than three months	**9,999**	4,998
In not more than one year	**23,017**	–
In more than one year	**12,994**	16,012
	46,841	21,383

All debt securities are marketable, tradable instruments. These instruments were assessed for impairment, and as of 30 November 2024, no such impairment had been identified.

The Society Directors consider that the primary purpose of holding securities is prudential. All transferable securities held as liquid assets are held with the intention of use on a continuing basis in the Society's activities and are therefore classified as available-for-sale financial assets. The debt securities are not eligible for refinancing.

Movements during the year of transferable securities classified as available-for-sale financial assets are analysed as follows:

	2024 £000	2023 £000
At 1 December	**21,014**	22,024
Additions	**44,797**	15,826
Disposals	**(20,000)**	(17,045)
Movement in premium	**298**	–
Fair value changes through other comprehensive income	**(95)**	209
At 30 November	**46,014**	21,014

14 Derivative financial instruments

	2024 Fair value – assets £000	**2024** Fair value – liabilities £000	2023 Fair value – assets £000	2023 Fair value – liabilities £000
The fair values of derivative financial instruments held at 30 November are set out below.				
Derivatives designated as fair value hedges				
Interest rate swaps	**5,567**	**981**	12,005	895
Derivatives not designated in any hedge relationship				
Interest rate swaps	**169**	**93**	25	–
	5,736	**1,074**	12,030	895

Included in the fair value of derivative assets is £594k (2023: £870k) relating to interest accrued.

At 30 November 2024, the Society held £5,095k cash collateral with derivative swap counterparties (2023: £11,255k collateral held).

15 Loans and advances to customers

	2024 £000	2023 £000
Loans fully secured on residential property	**741,821**	737,447
Loans fully secured on land	**610**	628
Fair value adjustment for hedged risk	**(3,627)**	(9,809)
	738,804	728,266
Less: allowance for impairment (Note 16)	**(414)**	(934)
	738,390	727,332
The maturity of loans and advances to customers from the date of the Statement of Financial Position is as follows:		
In not more than three months	**985**	2,220
In more than three months but not more than one year	**1,181**	3,169
In more than one year but not more than five years	**31,512**	40,752
In more than five years	**708,753**	691,934
	742,431	738,075
Less: fair value adjustment for hedged risk	**(3,627)**	(9,809)
Less: allowance for impairment (Note 16)	**(414)**	(934)
	738,390	727,332

Repayments of interest and principal due to the Society where the borrower is in arrears under the terms of the loan contract have been included in the above table on the assumption that the arrears are cleared over a period of thirty six months from the date of the Statement of Financial Position. It is the Society's experience, held in common with most mortgage lenders, that many loans will be repaid earlier than the contractual maturity date.

Loans and advances to customers include an amount relating to the effective interest rate adjustment, an asset of £1,023k (2023: asset of £1,271k).

16 Allowance for impairment

	Loans fully secured on residential property £000	**Total £000**
Provisions for losses on loans and advances fully secured on residential property have been made as follows and deducted from the appropriate asset values shown in the Statement of Financial Position:		
Individual impairment allowance		
At 1 December 2023	27	27
Amounts written off during the year, net of recoveries	–	–
Charge for the year	2	2
At 30 November 2024	**29**	**29**
Collective impairment allowance		
At 1 December 2023	907	907
Release for the year	(522)	(522)
At 30 November 2024	**385**	**385**
Individual impairment allowance		
At 1 December 2022	103	103
Amount written off net of recoveries	(114)	(114)
Charge for the year	38	38
At 30 November 2023	27	27
Collective impairment allowance		
At 1 December 2022	671	671
Charge for the year	236	236
At 30 November 2023	907	907

The total balance outstanding for all accounts in arrears at 30 November 2024 was £8,936k (2023: £7,007k).

In determining the adequacy of the credit provision, management has considered and evaluated the credit risk and threats to borrowers' ability to service their loans in this economic environment based on their reduced disposable income, the value of collateral held, and the quantum of any forced sale discount that could be incurred.

The Society's credit risk model is based on backward-looking events (previous defaults). This can result in not always capturing impairment triggers in a timely manner in times of uncertainty. In the prior year, the Society included an overlay of £630,000 based on a 5% fall of house prices and a doubling in arrears rates. However, the Society has seen no evidence of such a decline in house prices or an increase in arrears to the extent provisioned in the prior year, and such movements are not expected over the next 12 months. Therefore, management feels that the overlay of £630,000 is no longer required and has been released.

17 Intangible assets

	Software development costs £000
Cost	
At 1 December 2023	4,610
Additions during year	1,304
Disposals during year	–
At 30 November 2024	**5,914**
Amortisation	
At 1 December 2023	1,917
Charged in year	615
At 30 November 2024	**2,532**
Net book value	
At 30 November 2024	**3,382**
At 30 November 2023	2,693

Intangible assets as of 30 November 2024 comprise the costs of investment in the Society's IT infrastructure and costs incurred to date in respect of the new mortgage origination and internet savings platforms. Included in the net book value are £6k (2023: £2,536k) of assets in undergoing construction. Amortisation is charged against these assets when they become ready for use by the business over estimated useful lives of between five and ten years.

18 Tangible fixed assets

	Freehold buildings £000	Short leasehold buildings £000	Equipment, fixtures, vehicles £000	Computer equipment £000	**Total £000**
Cost or Revalued amount					
At 1 December 2023	4,336	844	720	758	6,658
Additions during year	–	254	127	41	422
Disposals during year	–	(5)	(19)	–	(24)
Revaluation	–	–	–	–	–
At 30 November 2024	**4,336**	**1,093**	**828**	**799**	**7,056**
Depreciation					
At 1 December 2023	400	726	498	699	2,323
Charged in year	86	53	49	44	232
Disposals during year	–	(5)	(19)	–	(24)
Revaluation	–	–	–	–	–
At 30 November 2024	**486**	**774**	**528**	**743**	**2,531**
Net book value					
At 30 November 2024	**3,850**	**319**	**300**	**56**	**4,525**
At 30 November 2023	3,936	118	221	59	4,334

18 Tangible fixed assets (continued)

The net book value of land and buildings occupied by the Society for its own activities comprises:	**2024 £000**	2023 £000
Freehold	**3,850**	3,936
Short leasehold	**317**	118
	4,167	4,054

Freehold land and buildings were professionally valued by Fenn Wright Surveyors on an existing use basis as at November 2023. This valuation was £3,936k compared to a previous net book value of £4,047k. The Directors considered this valuation amount appropriate, and the Society revalued its assets accordingly.

In accordance with the Society's accounting policy, the carrying value of £3,850k has been reviewed by the Directors as of 30 November 2024 and is considered to be appropriate. Under the historical cost basis, the carrying amount of Freehold land and buildings would have been £2,597k (2023: £2,655k).

The depreciation charged in the year to 30 November 2024 based on the revalued amount was £86k, compared to £58k, which would have been charged under the historical cost method. Therefore, in accordance with accounting policy, an amount equivalent to the difference has been transferred from the Revaluation Reserve to the General Reserves.

19 Other assets

	2024 £000	2023 £000
Other	**32**	339
Corporation tax	**302**	–
	334	339

20 Prepayments

	2024 £000	2023 £000
Prepayments	**644**	515

For the year ended 30 November 2024, accrued income relating to derivatives is reflected within derivative financial instruments. Details for these are shown in Note 14.

21 Shares

	2024 £000	2023 £000
Held by individuals	**783,714**	703,472
Fair value adjustment for hedged risk	**32**	(128)
	783,746	703,344

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

Accrued interest	**8,595**	4,856
Fair value adjustment for hedged risk	**32**	(128)
Repayable on demand	**637,806**	578,376
In not more than three months	**32,921**	21,065
In more than three months but not more than one year	**48,803**	47,710
In more than one year but no more than five years	**55,589**	51,465
In more than five years	**–**	–
	783,746	703,344

22 Amounts owed to credit institutions

	2024 £000	2023 £000
Accrued interest	**359**	742
Bank of England Term Funding Scheme	**30,000**	50,000
Bank of England Index Long Term Repo	**5,000**	15,000
	35,359	65,742

Amounts owed to credit institutions are repayable from the date of the Statement of Financial Position in the ordinary course of business as follows:

	2024 £000	2023 £000
Accrued interest	**359**	742
In not more than three months	**5,000**	10,000
In more than three months but not more than one year	**30,000**	5,000
In more than one year but not more than five years	**–**	50,000
	35,359	65,742

The Term Funding Scheme is a Bank of England scheme where funds are lent to firms on a four-year term secured by retail mortgages.

At 30 November 2024 the Society had £86m (2023: £90m) of mortgages pledged as collateral within this scheme.

23 Amounts owed to other customers

	2024 £000	2023 £000

Amounts owed to non-member depositors are repayable from the date of the Statement of Financial Position in the ordinary course of business as follows:

	2024 £000	2023 £000
Accrued interest	**102**	118
On demand	**33,373**	34,248
	33,475	34,366

24 Other liabilities

	2024 £000	2023 £000
Other taxation and social security costs	**176**	166
Other creditors*	**5,359**	11,564
Corporation tax	**–**	584
	5,535	12,314

* Included within other creditors is cash collateral held from counterparties in respect of interest rate swaps of £5,095k (2023: £11,255k).

25 Accruals and deferred income

	2024 £000	2023 £000
Accruals relating to administrative expenses	**1,441**	1,556
Other	**56**	76
	1,497	1,632

26 Contingent liabilities and commitments

Leasing commitments
At the date of the Statement of Financial Position, the total of future minimum lease payments under non-cancellable operating leases were as follows:

	Vehicles 2024 £000	**Equipment 2024 £000**	**Land and buildings 2024 £000**	Vehicles 2023 £000	Equipment 2023 £000	Land and buildings 2023 £000
Leases which expire:						
In not more than one year	**15**	**2**	**155**	14	2	152
In more than one but not more than five years	**8**	**–**	**457**	22	2	462
After five years	**–**	**–**	**420**	–	–	506
	23	**2**	**1,032**	36	4	1,120

Operating lease payments, which were included within administrative expenses during the year ended 30 November 2024, were £178k (2023: £174k).

Mortgage commitments at 30 November 2024 were £60,634k (2023: £19,602k).

27 Directors' loans and related party transactions

As of 30 November 2024, the Society had savings balances from Directors and related parties of £363,373 (2023: £251,846) with associated interest paid to Directors totalling £10,213 (2023: £4,834) on terms offered to members.

A register is maintained at the Society's Head Office containing details of loans, transactions and arrangements made between the Society and Directors of the Society or persons connected with Directors of the Society. The register will be available for inspection by members at the Head Office for 15 days up to and including the AGM.

The Society operates a closed defined benefit pension scheme, which constitutes a related party. Details of this pension scheme can be found in Note 9.

28 Financial instruments

A financial instrument is a contract that gives rise to a financial asset or a financial liability. The Society is a retailer of financial instruments, mainly mortgage and savings products. However, it also uses other financial instruments to invest liquid asset balances and raise wholesale funding. In addition, it uses derivative financial instruments ("derivatives") to manage the risks arising from its operations.

The financial risks arising from the Society's activities include liquidity, interest rate and credit risk. The Board reviews and agrees on policies for managing these risks, including establishing the Society's risk appetite, risk limits, clear reporting lines and other controls. Additionally, the Society's Assets and Liabilities Committee (ALCO) monitors the financial risks relating to the financial instruments held, capital funding, and liquidity, in line with the Society's prudential policy statements. The Retail Credit Risk Committee will also ensure that retail credit risk management is consistent with the credit risk appetite.

The Society does not hold derivatives for trading or speculative purposes. Still, it uses them for hedging purposes only in accordance with the Building Societies Act 1986, specifically to limit the interest rate exposure that arises with the provision of fixed rate mortgage and savings products. The Society employs interest rate swap contracts to manage the interest rate risks as summarised below.

Categories of financial instruments

Financial assets and liabilities are measured on an ongoing basis, either at fair value or at amortised cost. This note to the financial statements describes how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The tables below analyse the Society's assets and liabilities by financial classification:

At 30 November 2024

	Loans and receivables £000	Available-for-sale £000	Fair value through profit or loss £000	Total £000
Financial assets				
Cash in hand & balances with Bank of England	107,441	–	–	107,441
Loans and advances to credit institutions	3,353	–	–	3,353
Debt securities	–	46,841	–	46,841
Derivative financial instruments	–	–	5,736	5,736
Loans and advances to customers	742,017	–	(3,627)	738,390
Other assets	334	–	–	334
Total financial assets	853,145	46,841	2,109	902,095
Non-financial assets				8,551
Total assets				910,646

	Other financial liabilities £000	Fair value through profit and loss £000	Total £000
Financial liabilities			
Shares	783,714	32	783,746
Amounts owed to credit institutions	35,359	–	35,359
Amounts owed to other customers	33,475	–	33,475
Pension liability	189	–	189
Derivative financial instruments	–	1,074	1,074
Accruals	1,497	–	1,497
Other liabilities	5,358	–	5,358
Total financial liabilities	859,592	1,106	860,698
Non-financial liabilities and reserves			49,948
Total liabilities and reserves			910,646

28 Financial instruments (continued)

At 30 November 2023

	Loans and receivables £000	Available-for-sale £000	Fair value through profit or loss £000	Total £000
Financial assets				
Cash in hand & balances with Bank of England	95,517	–	–	95,517
Loans and advances to credit institutions	2,282	–	–	2,282
Debt securities	–	21,383	–	21,383
Derivative financial instruments	–	–	12,030	12,030
Loans and advances to customers	737,141	–	(9,809)	727,332
Other assets	339	–	–	339
Total financial assets	835,279	21,383	2,221	858,883
Non-financial assets				7,542
Total assets				866,425

	Other financial liabilities £000	Fair value through profit and loss £000	Total £000
Financial liabilities			
Shares	703,472	(128)	703,344
Amounts owed to credit institutions	65,742	–	65,742
Amounts owed to other customers	34,366	–	34,366
Pension liability	163	–	163
Derivative financial instruments	–	895	895
Accruals	1,632	–	1,632
Other liabilities	11,564	–	11,564
Total financial liabilities	816,939	767	817,706
Non-financial liabilities and reserves			48,719
Total liabilities and reserves			866,425

28 Financial instruments (continued)

Fair value disclosure

Valuation of financial instruments carried at fair value
The Society holds certain financial assets and liabilities at fair value, grouped into Levels 1 to 3 of the fair value hierarchy (see below).

Valuation techniques
Fair values are determined using the following fair value hierarchy that reflects the significance of the inputs in measuring fair value:

Level 1 The most reliable fair values of financial instruments are quoted market prices in an actively traded market.

Level 2 These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed when no active market exists and quoted prices are available for similar instruments in active markets. Valuations are based on SONIA (Sterling Overnight Index Average) yield curves in line with the terms of the underlying instruments. No adjustment is made for credit risk.

Level 3 These are valuation techniques for which one or more significant input is not based on observable market data. Valuation techniques include net present value by way of discounted cash flow models.

The table below summarises the fair values of the Society's financial assets and liabilities that are accounted for at fair value, analysed by the valuation methodology used by the Society to derive the financial instruments' fair value:

At 30 November 2024	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Available-for-sale				
Debt securities (excluding accrued interest)	**46,010**	**–**	**–**	**46,010**
Fair value through comprehensive income				
Interest rate swaps	**–**	**5,736**	**–**	**5,736**
	46,010	**5,736**	**–**	**51,746**
Financial liabilities				
Fair value through comprehensive income	**–**	**1,074**	**–**	**1,074**
Interest rate swaps	**–**	**1,074**	**–**	**1,074**

At 30 November 2023	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Available-for-sale				
Debt securities (excluding accrued interest)	21,010	–	–	21,010
Fair value through comprehensive income				
Interest rate swaps	–	12,030	–	12,030
	21,010	12,030	–	33,040
Financial liabilities				
Fair value through comprehensive income	–	895	–	895
Interest rate swaps	–	895	–	895

28 Financial instruments (continued)

Financial assets pledged as collateral
The total financial assets recognised in the Statement of Financial Position that had been pledged as collateral for liabilities at 30 November are shown below:

	2024 £000	2023 £000
Loans and advances to customers	**85,517**	89,557
Gilts	**6,022**	–
	91,539	89,557

Credit risk
Credit risk is the risk that counterparties will not meet their obligations as they fall due. All loan applications are assessed with reference to the Society's lending policy.

Treasury counterparties are approved and monitored by the Assets and Liabilities Committee.

The Society operates an experienced credit risk function, driven by the need to manage potential and actual risk both currently and in the future. Through this, any variations in risk resulting from market, economic or competitive changes are identified and appropriate controls and strategies are implemented.

The Society's maximum credit risk exposure is detailed in the table below:	2024 £000	2023 £000
Balance held with the Bank of England	**106,651**	94,837
Loans and advances to credit institutions	**3,353**	2,282
Debt securities	**46,841**	21,383
Derivative financial instruments	**5,736**	12,030
Loans and advances to customers	**742,017**	737,141
Fair value adjustment for hedged risk	**(3,627)**	(9,809)
Total Statement of Financial Position exposure	**900,971**	857,864
Off-balance sheet exposure – mortgage commitments	**60,634**	19,602
	961,605	877,466

Loans and advances to customers
The Society is committed to mitigating risk through all stages of the lending cycle. The Society monitors customer affordability and the LTV percentages of all loans throughout the life of the loan. Additionally, the Society employs underwriting and fraud detection policies to minimise losses as part of the approval process, and takes a proactive approach to monitoring and treating impaired loans through the collections and recovery functions.

The Society maintains comprehensive management information on the performance and movements within the various loan portfolios to ensure that credit risk is adequately controlled and that any adverse trends are identified before they impact performance. When appropriate, Society performance is benchmarked against the industry to identify any outlying trends. This management information is distributed throughout the Society and monitored at a Board committee level.

The table below provides further information on the Society's loans and advances to customers by payment-due status as of 30 November 2024, as well as the allowance for impairment held by the Society against those assets. The balances exclude the fair value adjustment for hedged risk and are stated before the allowance for impairment losses.

28 Financial instruments (continued)

Credit quality analysis of loans and advances to customers

	2024 Loans fully secured on residential property £000	**2024** Loans fully secured on land £000	2023 Loans fully secured on residential property £000	2023 Loans fully secured on land £000
Neither past due nor impaired	**730,895**	**610**	728,047	628
Past due but not impaired				
Up to 1 month	**3,659**	**–**	3,142	–
More than 1 month but less than 3 months	**855**	**–**	913	–
	4,514	**–**	4,055	–
Individually impaired				
Not past due	**1,983**	**–**	2,479	–
Up to 1 month	**1,221**	**–**	331	–
More than 1 month but less than 3 months	**654**	**–**	384	–
More than 3 months but less than 6 months	**1,128**	**–**	325	–
More than 6 months but less than 12 months	**870**	**–**	1,103	–
More than 12 months	**515**	**–**	578	–
In possession	**40**	**–**	145	–
	6,411	**–**	5,345	–
	741,820	**610**	737,447	628
Allowance for impairment				
Individual	**29**	**–**	27	–
Collective	**385**	**–**	907	–
Total allowance for impairment	**414**	**–**	934	–

Individual assessments are made of all mortgage loans where objective evidence indicates that losses are likely, for example, when loans are past due, the account is in forbearance or the property is in possession, or where fraud or negligence has been identified. Further consideration is given in accounting policy Note 1.6 to the Accounts.

Assets obtained by taking possession of collateral

Details of financial and non-financial assets obtained during the year by taking possession of collateral held as security against loans and advances, as well as calls made on credit enhancements and held at the year-end are shown below. The amounts stated are the most recent valuations adjusted to take account of changes in the Halifax House Price Index published by Lloyds Banking Group Plc.

	2024 £000	2023 £000
Property	**155**	481

The Society's policy is to pursue the timely realisation of the collateral in an orderly manner. The Society does not use the non-cash collateral for its own operations.

28 Financial instruments (continued)

Collateral held and other credit enhancements

The Society holds collateral against its retail credit exposures in the form of residential property. This collateral is valued by adjusting the valuation at the inception of the loan for changes in the Halifax House Price Index published by Lloyds Banking Group Plc. Values are updated on a quarterly basis. No allowance is made for the costs of realising the collateral.

The table below sets out the value of collateral held against the loan portfolio (excluding adjustments for impairment, effective interest rate and fair value of hedged mortgages).	**2024 £000**	2023 £000
Estimated full value of collateral held	**2,086,576**	2,039,628
Value of collateral limited to the amount of debt outstanding	**741,407**	736,803
Percentage of collateral to loans and advances to customers	**100%**	100%

In addition to holding residential property as collateral, the Society holds mortgage indemnity insurance where the ratio of the loan at application to the value of the property is more than 80% (2023: 80%).

LTV

The tables below stratify credit exposures from mortgage loans and advances to retail customers by ranges of LTV ratio. LTV is calculated as the ratio of the gross amount of the loan – or the amount committed for loan commitments – to the value of the collateral. The gross amounts exclude any impairment allowance and adjustment for changes in fair value. The valuation of the collateral excludes any adjustments for obtaining and selling the collateral.
The value of the collateral for residential mortgage loans is based on the collateral value at origination which is updated based on changes in house price indices.

	2024 £000	2023 £000
LTV ratio		
Up to 50%	**315,111**	306,445
More than 50% and up to 70%	**187,627**	187,912
More than 70% and up to 90%	**207,765**	198,242
More than 90% and up to 100%	**28,662**	42,157
More than 100%	**3,267**	3,319
	742,432	738,075

Forbearance

In certain circumstances, the Society uses forbearance measures to assist borrowers experiencing financial difficulty. These measures can take several different forms, and in each case, an individual assessment is made to ensure forbearance is in the best interests of both the borrower and the Society. It is expected that the borrowers will resume normal payments once they are able. Accounts in forbearance are included in the individual assessment for impairment. As of 30 November 2024, an individual impairment of £24k (2023: £21k) was made for loans in forbearance, and no adjustment was considered necessary to the effective interest rate calculation.

The table below analyses residential mortgages with renegotiated terms as at the year-end:

	Number of accounts	**2024 £000**	Number of accounts	2023 £000
Account restructured and arrears capitalised	**2**	**65**	2	68
Temporary transfer to interest only	**8**	**1,353**	10	1,366
Term extension	**3**	**597**	2	484
Payment arrangement in place	**19**	**2,283**	16	2,081
Multiple forbearance actions	**7**	**707**	8	373
	39	**5,005**	38	4,372

28 Financial instruments (continued)

Liquidity risk
Liquidity risk is the risk that the Society will encounter difficulty meeting the obligations associated with its financial liabilities, which are to be settled by delivering cash or another financial asset. The Society's liquidity policy is to maintain sufficient funds in a liquid form at all times to ensure it can meet its liabilities as they fall due. The objective of liquidity risk management is to help smooth mismatches between maturing assets and liabilities and protect against any unexpected events.

Liquidity is monitored daily and reported to the ALCO every month. The Society's liquidity policy is designed to provide it with the resources to withstand a range of stressed scenarios. As part of its liquidity risk management, a number of appropriate stressed scenarios have been identified. The scenarios developed include idiosyncratic, market-wide, and combination stress tests, which fulfil the specific requirements of the Prudential Regulation Authority (PRA).

The Society's high-quality liquid assets comprise deposits with the Bank of England, gilts, T-bills and investment-grade floating rate notes issued by a highly rated Multinational Development Bank. At the year-end, the percentage of total shares and deposit liabilities held in these high-quality liquid assets was 15.5% (2023: 14.0%). In addition, the Society holds deposits with UK banks and portfolios of certificates of deposits (CDs) and time deposits (TDs) with other financial institutions. When taking the bank deposits, CDs and TDs into account, the percentage of total shares and deposit liabilities held in liquid resources was 18.5% (2023: 14.8%).

The total drawings under the Term Funding Scheme remained at £30m (2023: £50m). The Society continued to use the Bank of England's Indexed Long Term Funding facility for the second financial year in a row, with total drawing reducing to £5m (2023: £15m).

Maturity analysis for financial assets and financial liabilities
The tables below indicate the remaining contractual maturities of the Society's financial assets and liabilities. In practice, contractual maturities are not a reflection of actual experience, and therefore, the information is not representative of the Society's liquidity management. For example, the contractual term for the majority of the loans and advances to customers ranges from 10-30 years; however, borrowers tend to repay ahead of contractual maturity, with the average life of a loan under seven years. Conversely, customer deposits (for example, shares) repayable on demand will likely remain longer on the Statement of Financial Position. The net pension surplus, has been analysed across time periods in accordance with the Payment of the annual contributions agreed upon by the Trustees to eliminate the deficit.

Contractual maturities of financial assets and liabilities

At 30 November 2024	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	Non-defined maturity £000	Total £000
Financial assets							
Cash in hand and balances with Bank of England	**107,441**	**–**	**–**	**–**	**–**	**–**	**107,441**
Loans and advances to credit institutions	**3,353**	**–**	**–**	**–**	**–**	**–**	**3,353**
Debt securities	**–**	**9,999**	**23,017**	**12,994**	**–**	**831**	**46,841**
Derivative financial instruments	**–**	**67**	**918**	**4,095**	**62**	**594**	**5,736**
Loans and advances to customers	**–**	**985**	**1,181**	**31,512**	**708,753**	**(4,041)**	**738,390**
Other financial assets	**–**	**334**	**–**	**–**	**–**	**–**	**334**
Total financial assets	**110,794**	**11,385**	**25,116**	**48,601**	**708,815**	**(2,616)**	**902,095**
Non-financial assets	**–**	**–**	**–**	**–**	**–**	**8,551**	**8,551**
Total assets	**110,794**	**11,385**	**25,116**	**48,601**	**708,815**	**5,935**	**910,646**
Financial liabilities							
Shares	**637,806**	**32,921**	**48,803**	**55,589**	**–**	**8,627**	**783,746**
Amounts owed to credit institutions	**–**	**5,000**	**30,000**	**–**	**–**	**359**	**35,359**
Amounts owed to other customers	**33,373**	**–**	**–**	**–**	**–**	**102**	**33,475**
Pension liability	**–**	**189**	**–**	**–**	**–**	**–**	**189**
Derivative financial instruments	**–**	**11**	**46**	**967**	**50**	**–**	**1,074**
Accruals	**–**	**1,497**	**–**	**–**	**–**	**–**	**1,497**
Other liabilities	**5,358**	**–**	**–**	**–**	**–**	**–**	**5,358**
Total financial liabilities	**676,537**	**39,618**	**78,849**	**56,556**	**50**	**9,088**	**860,698**
Non-financial liabilities and reserves	**–**	**–**	**–**	**–**	**–**	**49,948**	**49,948**
Total liabilities and reserves	**676,537**	**39,618**	**78,849**	**56,556**	**50**	**59,036**	**910,646**

28 Financial instruments (continued)

At 30 November 2023	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	Non-defined maturity £000	Total £000
Financial assets							
Cash in hand and balances with Bank of England	95,517	–	–	–	–	-	95,517
Loans and advances to credit institutions	2,282	–	–	–	–	-	2,282
Debt securities	–	4,998	–	16,012	–	373	21,383
Derivative financial instruments	–	46	1,246	9,868	–	870	12,030
Loans and advances to customers	–	2,220	3,169	40,752	691,934	(10,743)	727,332
Other financial assets	–	339	–	–	–	-	339
Total financial assets	97,799	7,603	4,415	66,632	691,934	(9,500)	858,883
Non-financial assets	–	–	–	–	–	7,542	7,542
Total assets	97,799	7,603	4,415	66,632	691,934	(1,958)	866,425
Financial liabilities							
Shares	578,376	21,065	47,710	51,465	–	4,728	703,344
Amounts owed to credit institutions	–	10,000	5,000	50,000	–	742	65,742
Amounts owed to other customers	34,248	–	–	–	–	118	34,366
Pension liability	–	163	–	–	–	-	163
Derivative financial instruments	–	6	–	889	–	-	895
Accruals	–	1,632	–	–	–	-	1,632
Other liabilities	11,564	–	–	–	–	-	11,564
Total financial liabilities	624,188	32,866	52,710	102,354	–	5,588	817,706
Non-financial liabilities and reserves	–	–	584	–	–	48,135	48,719
Total liabilities and reserves	624,188	32,866	53,294	102,354	–	53,723	866,425

Non-defined maturity items are principally comprised of impairment provisions and hedge accounting adjustments.

Gross financial liability exposure table
The following is an analysis of the total gross cash flows (including all interest due) payable over the lives of the Society's financial liabilities.

At 30 November 2024

	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**	**Non-defined maturity £000**	**Total £000**
Financial liabilities							
Shares	**637,806**	**37,288**	**64,554**	**63,981**	**–**	**8,627**	**812,256**
Amounts owed to credit institutions	**–**	**5,355**	**30,814**	**–**	**–**	**359**	**36,528**
Amounts owed to other customers	**33,373**	**391**	**1,195**	**–**	**–**	**102**	**35,062**
Pension liability	**–**	**189**	**–**	**–**	**–**	**–**	**189**
Derivative financial instruments	**–**	**16**	**(95)**	**(549)**	**(12)**	**–**	**(640)**
Accruals	**–**	**1,497**	**–**	**–**	**–**	**–**	**1,497**
Other liabilities	**5,358**	**–**	**–**	**–**	**–**	**–**	**5,358**
Total financial liabilities	**676,537**	**44,737**	**96,468**	**63,432**	**(12)**	**9,088**	**890,249**

28 Financial instruments (continued)

At 30 November 2023	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	Non-defined maturity £000	Total £000
Financial liabilities							
Shares	578,376	25,100	62,095	61,587	–	4,728	731,886
Amounts owed to credit institutions	–	10,724	1,991	56,841	–	742	70,298
Amounts owed to other customers	34,248	299	914	–	–	118	35,579
Pension liability	–	163	–	–	–	–	163
Derivative financial instruments	–	17	(105)	(504)	–	–	(592)
Accruals	–	1,632	–	–	–	–	1,632
Other liabilities	11,564	–	–	–	–	–	11,564
Total financial liabilities	624,188	37,935	64,894	117,925	–	5,588	850,530

The prior year amount pertaining to corporation tax liability has been reclassified from financial liabilities to non-financial liabilities.

Market risk
'Market risk' is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. Market prices comprise three types of risk: currency risk, interest rate risk, and other price risk. As the Society is not exposed to foreign currencies, the primary risk associated with market prices comes from interest rate risk.

The Society is exposed to movements in interest rates, which can have an adverse effect on profit. This exposure may be due to a difference in the timing of when assets and liabilities can reprice to market rates or a difference in the basis referenced by interest rates, such as the Bank of England base rate and SONIA. The Society continually manages this exposure within approved limits and, where necessary, using derivative financial instruments.

Interest rate risk
The Society has adopted the "Matched" approach to interest rate risk, defined by the PRA, operating within the exemptions permitted within section 9A of the Building Societies Act 1986. The "Matched" approach uses "standard" hedging instruments to manage the interest rate risks associated with offering fixed rate retail products, as detailed below. "Standard" instruments include interest rate swaps.

The Society's interest risk management includes a regular review of the products used for hedging purposes by senior management, supported by monthly reviews by the ALCO and the Board. In addition, interest rate gap and basis risk analysis are performed monthly and presented to the ALCO and Board for review.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Society's financial assets and liabilities to various standard and non-standard interest rate scenarios. The analysis below, also an interest rate sensitivity assessment, represents market value movement calculated using a discounted cash flow basis on the Society's financial assets, financial liabilities, and earnings. The sensitivity analysis is based on an immediate 200 base percentage points parallel shift in interest rates.

All exposures include investments of the Society's reserves. Other interest rate risk exposures, such as basis risk (the risk of loss arising from changes in the relationship between interest rates that have similar but not identical characteristics, e.g. SONIA and Bank of England base rate) and prepayment risk (the risk of loss arising from early repayments of fixed rate mortgages and loans) are also monitored closely and regularly reported to the ALCO.

The analysis below summarises the Society's exposure to interest rate risk. The tables present the Society's assets and liabilities by repricing date and the derivative financial instruments that are used to reduce this exposure.

28 Financial instruments (continued)

Interest rate risk
At 30 November 2024

	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	Non-interest bearing £000	Total £000
Assets						
Cash in hand and balances with Bank of England	107,111	–	–	–	330	107,441
Loans and advances to credit institutions	3,353	–	–	–	–	3,353
Debt securities	9,999	23,017	12,994	–	831	46,841
Derivative financial instruments	–	–	–	–	5,736	5,736
Loans and advances to customers	374,467	92,833	274,669	462	(4,041)	738,390
Other assets	–	–	–	–	8,885	8,885
Total assets before derivatives	494,930	115,850	287,663	462	11,471	910,646
Derivatives - interest rate swaps	289,000	33,000	17,000	–	–	339,000
Exposure to interest rate risk after notional amounts of derivatives	783,930	148,850	304,663	462	11,471	1,249,646
Liabilities and reserves						
Shares	495,690	141,949	137,480	–	8,627	783,746
Amounts owed to credit institutions	35,000	–	–	–	359	35,359
Amounts owed to other customers	33,373	–	–	–	102	33,475
Derivative financial instruments	–	–	–	–	1,074	1,074
Other liabilities	5,237	–	–	–	3,263	8,500
Reserves	–	–	–	–	48,492	48,492
Total liabilities before derivatives	569,300	141,949	137,480	–	61,917	910,646
Derivatives - interest rate swaps	128,000	38,000	160,000	13,000	–	339,000
Exposure to interest rate risk after notional amounts of derivatives	697,300	179,949	297,480	13,000	61,917	1,249,646
Interest rate sensitivity gap	86,630	(31,099)	7,183	(12,538)	(50,176)	–
Off-balance sheet exposures	(34,270)	466	28,516	5,288	–	–
Total interest rate sensitivity gap	52,360	(30,633)	35,699	(7,250)	(50,176)	–
Sensitivity to general reserves						
Parallel shift of +2%	(166)	235	(1,455)	631	–	(755)
Parallel shift of -2%	166	(235)	1,455	(631)	–	755

28 Financial instruments (continued)

Interest rate risk
At 30 November 2023

	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	Non-interest bearing £000	Total £000
Assets						
Cash in hand and balances with Bank of England	95,142	–	–	–	375	95,517
Loans and advances to credit institutions	2,282	–	–	–	–	2,282
Debt securities	4,998	–	16,012	–	373	21,383
Derivative financial instruments	–	–	–	–	12,030	12,030
Loans and advances to customers	342,908	108,215	286,952	–	(10,743)	727,332
Other assets	–	–	–	–	7,994	7,994
Total assets before derivatives	445,330	108,215	302,964	–	10,029	866,538
Derivatives - interest rate swaps	238,000	6,000	40,000	–	–	284,000
Exposure to interest rate risk after notional amounts of derivatives	683,330	114,215	342,964	–	10,029	1,150,538
Liabilities and reserves						
Shares	457,242	107,558	133,816	–	4,728	703,344
Amounts owed to credit institutions	65,000	–	–	–	742	65,742
Amounts owed to other customers	34,248	–	–	–	118	34,366
Derivative financial instruments	–	–	–	–	895	895
Other liabilities	11,255	–	–	–	4,126	15,381
Reserves	–	–	–	–	46,810	46,810
Total liabilities before derivatives	567,745	107,558	133,816	–	57,419	866,538
Derivatives - interest rate swaps	57,000	47,000	180,000	–	–	284,000
Exposure to interest rate risk after notional amounts of derivatives	624,745	154,558	313,816	–	57,419	1,150,538
Interest rate sensitivity gap	58,585	(40,343)	29,148	–	(47,390)	–
Off-balance sheet exposures	(4,361)	187	4,174	–	–	–
Total interest rate sensitivity gap	54,224	(40,156)	33,322	–	(47,390)	–
Sensitivity to general reserves						
Parallel shift of +2%	(56)	229	184	–	–	357
Parallel shift of -2%	56	(229)	(184)	–	–	(357)

28 Financial instruments (continued)

Derivatives held for risk management

Fair value hedges of interest rate risk
The Society uses derivatives designated to manage certain risks it faces in accordance with Section 9A of the Building Societies Act 1986. In particular, the Society employs 'fair value hedges' in the form of interest rate swaps to manage the exposure to interest rate risk inherent when providing fixed rate retail products. The interest rate swaps essentially hedge the exposure to changes in the fair values of the fixed products. The Society does not hold derivatives for trading or speculative purposes but uses them for hedging purposes only.

The interest rate swap contracts used to manage the interest rate risks are summarised below:

Activity	Risk	Fair value interest rate hedge
Fixed rate mortgages	Increase in interest rates	Society pays fixed, receives variable
Fixed rate savings	Decrease in interest rates	Society receives fixed, pays variable
Debt securities - fixed rate	Increase in interest rates	Society pays fixed, receives variable

The fair values of derivatives designated as fair value hedges are as follows.

	2024		2023	
	Assets £000	**Liabilities £000**	Assets £000	Liabilities £000
	5,736	**1,074**	12,030	895

Interest rate swaps
Interest rate swaps are matched to specific issuances of fixed rate retail shares, loans, or acquisitions of debt securities. All hedges are supported by comprehensive hedging documentation, as per the requirement in FRS 102, with the adoption of IAS 39. The Society uses the derivative instruments for hedging purposes only, and no such instruments are used for trading activity or speculative purposes. Fair value hedges are against SONIA.

Interest rate swaps are recognised on the balance sheet at the date they are taken out. Hedged assets and liabilities are recognised at their fair value from the date they are recorded on the balance sheet. For mortgages, this will be the completion date when funds are advanced; for savings, it will be the date that funds are received.

Where swaps are added to hedge the mortgage pipeline, the swap will be recognised on the balance sheet before the hedged mortgages are recognised, and movements in the value of these swaps will be recognised in the Statement of Comprehensive Income in full with no offsetting movement in the value of the hedged items. Where both the swaps and the hedged items are recognised on the balance sheet, the Statement of Comprehensive Income will only be impacted to the extent that the hedges are not 100% efficient. The Society aims to achieve a hedging offset of between 80% and 125% to qualify for hedge accounting in accordance with FRS 102 with the adoption of IAS 39.

The composition of the portfolio of interest rate swaps used in hedges and held at each year end is shown in the table below.

	2024 £000	2023 £000
Total notional value of SONIA swap contracts used in hedges held at 30 November	**339,000**	284,000

29 Post balance sheet events

After 30 November 2024, the Society repaid £5m of TFSME. Other than this, the Board are not aware of any subsequent events arising after the year ended 30 November 2024 that require disclosure in the Society annual accounts.

Annual Business Statement

FOR THE YEAR ENDED 30 NOVEMBER 2024

01 Statutory percentages

	2024 %	Statutory limit %
Lending limit	**1.0**	25.0
Funding limit	**8.1**	50.0

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986.

The statutory limits are as laid down under the Building Societies Act 1986 and 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 shareholding members.

The lending limit represents the proportion of business assets not in the form of loans fully secured on residential property.

Business assets are defined as total Society assets plus impairment allowance less liquid, tangible and intangible assets.

The funding limit represents the proportion of shares and borrowings not in the form of shares held by individuals. Shares and borrowings represent the total of shares, amounts owed to credit institutions and amounts owed to other customers.

02 Other percentages

	2024 %	2023 %
As a percentage of shares and borrowings:		
Gross capital	**5.69**	5.83
Free capital	**4.80**	5.06
Liquid assets	**18.49**	14.83
As a percentage of mean total assets:		
Profit after tax for the financial year	**0.21**	0.40
Management expenses	**1.73**	1.70

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

"Gross capital" represents the aggregate of general reserves and subordinated liabilities.

"Free capital" represents the aggregate of gross capital and collective allowances on loans and advances to customers, less tangible and intangible fixed assets.

"Mean total assets" represents the average of total assets as stated in the Statement of Financial Position at 30 November 2024 and 30 November 2023.

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

The Notes to these Accounts are contained on pages 47 to 77.

03 Information relating to Directors at 30 November 2024

Name	Occupation	Date of birth	Date of appointment	Other Directorships
P Elcock	Non-Executive Director	08/63	30/06/22	Advanced Payment Solutions Limited
S Hill	Non-Executive Director	02/64	01/04/20	Trustee, Place2Be Place2Be Trading Limited Yealand Fund Services Limited Cordiant Digital Infrastructure Limited Apollo Syndicate Management Limited
P Johnson	Chief Financial Officer	08/68	26/11/20	–
E Lenc	Non-Executive Director	08/59	01/10/19	–
S Liddell	Non-Executive Director	11/63	30/11/17	Samsung Fire & Marine Insurance Company of Europe Limited Aspen Syndicate Management Limited Aspen Insurance Company UK Limited
R Newman	Chief Operating Officer	05/84	01/05/22	–
R Norrington	Chief Executive Officer	09/65	30/11/16	–
S Reid	Non-Executive Director	07/63	01/11/16	–
F Ryder	Non-Executive Director	05/67	25/10/18	Trustee, Bramfield Village Hall Bonza Music Ltd TCD Media Limited

Directors' service contracts
At 30 November 2024, the Executive Directors are employed on open-ended service contracts. Under these contracts, the Society and Director are required to give notice periods of one year and six months, respectively, if the contract is to be terminated.

04 Information relating to other Officers at 30 November 2024

Name	Occupation
W Defoe	Chief Risk Officer
L Gladwell	Chief Commercial Officer

05 Capital

Capital Structure

The Society's policy is to maintain a strong capital base to secure member, creditor and market confidence and to sustain the Society's plans for the future. Regulatory capital consists of the Society's general reserves, which are the profits accumulated over the last 174 years, and reserves relating to the revaluation of freehold property and the carrying value of available-for-sale debt securities.

The Society manages its capital requirements through the annual ICAAP. This is carried out in conjunction with the PRA. The Board closely monitors the ICAAP, and receives regular updates on the amount of capital held and the amount of headroom the Society has over its required level of capital. The required level of capital is set by the PRA through the Society's Overall Capital Requirement. This allows the Board to ensure that the quantity and quality of capital held is both sufficient and appropriate to mitigate the risks the Society faces and to safeguard members' interests.

There were no breaches of capital requirements during the year.

Regulatory Capital

Common equity tier 1 capital	**2024** **£000**	2023 £000
General reserve	**47,576**	45,804
Revaluation reserve	**903**	922
AFS reserve	**13**	84
Intangible assets	**(3,382)**	(2,693)
Total common equity tier 1 capital	**45,110**	44,117
Tier 2 capital		
Collective impairment allowance	**385**	907
Total tier 2 capital	**385**	907
Total capital	**45,495**	45,024

Suffolk
Building Society

Suffolk Building Society, Freehold House, 6-8 The Havens,
Ransomes Europark, Ipswich, Suffolk IP3 9SJ
0330 123 0723
suffolkbuildingsociety.co.uk

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