

Regulatory and other notices

Cheque clearance

Our normal practice is to allow withdrawals against a cheque six banking days after the date of deposit, provided we have no reason to think it has not cleared or it might not clear. If the day of deposit is a non-banking day, the period of six banking days will start the day after the next banking day. Non-banking days include Saturdays, Sundays and bank holidays.

Complaints

We are committed to providing you with a great service, however we recognise there may be occasions when we have not met your expectations and you wish to make a complaint. When we receive your complaint we will investigate it thoroughly and always try to resolve it as soon as possible to ensure a fair outcome. Our internal complaints process is available on our website at www.thetipton.co.uk/complaints, or by visiting your local branch. If you do not agree with the outcome of our investigation you may be able to refer your complaint to the Financial Ombudsman Service.

Passbooks

If you think an error has been made in your passbook please notify us immediately so it can be investigated.

 70 Owen Street, Tipton,
West Midlands, DY4 8HG
 0121 557 2551
 thetipton.co.uk

Counterfeit notes

Please be advised we will not return any counterfeit bank notes handed over our counters, or credit accounts with the same. All counterfeit notes are returned to the Bank of England.

Withdrawal limits

Withdrawals from accounts are subject to terms and conditions and normal office limits, which are £500 cash per account per day and £20,000 cheque on demand. Higher amounts require two banking days' notice subject to a maximum cash limit of £2,500 per day. The minimum cheque withdrawals is £10.

Deposits

The maximum amount you can pay into your account by cash is £10,000 per account per week. Where a third party is paying in on your behalf, the maximum cash they can pay in is £500 per day.

Call recording

We monitor and record phone calls for your security and our training purposes.

Privacy notice

You can view our Privacy Notice at www.thetipton.co.uk/privacy

We monitor and record phone calls for your security and our training purposes. Tipton and Coseley Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. The Society's Firm Reference Number is 159601. The Society is a member of the Building Societies Association.

Large print version available on request



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Chair's welcome

Welcome to our 2023 Annual Report & Accounts. I am pleased to report the Society has once again delivered a very strong set of results, despite external economic challenges, by focusing on delivering competitive products and excellent customer service. I hope Talk magazine provides you with an insightful update on our activities during the year as well as outlining our plans for the future.

Year in review

The economic environment in 2023 was challenging with inflation levels remaining high and the Bank of England raising Base Rate five times in response, all of which has resulted in increasing pressure on the cost of living. Despite this, the Society was able to deliver record levels of new lending and strong retail savings inflows whilst also delivering excellent underlying profitability that will be used to help support the Society's future growth and development.

Importantly, we continued our strategy of investing in our people, processes, and technology to enable us to provide quality products and excellent service to our members, both existing and new - and it is this focus that continues to underpin our strong delivery.

I am immensely proud of the tremendous contribution of Society colleagues who have delivered to you, our members, throughout the year. On behalf of the Board, I would like to offer them all our heartfelt thanks.

Board changes

After 32 years with the Society, Richard Newton decided that he wished to take on fresh challenges elsewhere. During his 10 year tenure as Chief Executive, the Society grew by over 60%, and we pioneered new products and services such as being the first building society to launch a mobile app with the ability to open, view, and manage savings accounts on the go, and the first to launch a Retirement Interest Only mortgage. He leaves us as a strong, resilient regional building society. On behalf of the Board I would like to thank Richard for his service to

the Society and wish him every success for the future.

It was with great pleasure the Board were able to appoint an internal candidate to replace Richard, with Adam Evetts, previously our Risk & Compliance Director, taking on the role of Chief Executive from 1 January 2024.

Adam will now lead the Society into the next exciting phase of its development, ensuring we continue to focus on creating value for our members, developing our people and playing an important role in our local community.

Outlook

Although the economic outlook and market dynamics for the year ahead are uncertain, the Society is financially strong and well positioned to continue the positive progress of recent years. In a highly competitive environment for mortgages and savings in 2024, we believe we can successfully grow and serve our customers. Our Corporate Plan reflects this alongside a continued investment in people, processes and technology to ensure the Society has a long-term sustainable, successful and secure future.

Finally, I would like to thank you, our members, for your support and commitment to the Society, and we look forward to this continuing in 2024 and beyond.

Jeremy Cross
Chair of the Board
6 March 2024



Chief Executive Officer's review

Welcome to my first Chief Executive's Review. I'm incredibly proud to have taken on the role of Chief Executive from Richard Newton. I want to thank Richard for his contribution to the Society during his 32-year career, leaving us financially strong and ready for our next phase of growth. Having worked closely with Richard for the last 4 years I share his passion for the role that building societies have in providing products and services at a fair price and supporting our local community. I'm looking forward to developing these areas further and seeing the Society grow from strength-to-strength as a strong regional building society.

2023 - A year in review

2023 was a challenging year for many, with the economic uncertainty and cost of living pressures felt in 2022 continuing throughout the year. The Bank of England increased Base Rate five times during the year as they tried to reduce inflation from 10.5% at the end of 2022. The housing market slowed with house prices at one point 5% lower than those seen in 2022¹ and mortgage transactions across the market falling to levels not seen since 2011.

Higher mortgage rates put pressure on borrowers, with an estimated 1.4m borrowers coming to the end of their fixed rate deal during 2023². Concerns around the potential payment shock for these borrowers resulted in the industry, the FCA and Government coming together in June to create the Mortgage Charter, which contains a range of measures to help borrowers through these challenging times. I'm proud that the Society is a signatory to the Charter.

In the savings market, interest rate rises were welcome news for savers, helped further by the implementation of the first phase of the FCA's Consumer Duty in July and the publication of the Cash Savings Market Review which shone a light on the very low rates many savers were receiving on cash held in easy access accounts with the larger banks. Your Society has continued to reward its savers with rates significantly above the market average throughout the year.

The year ended in a better position, with inflation reducing to 4%, house prices down by only 1.8%¹ over the year and optimism that Base Rate will start to reduce in 2024.

Financial performance

Against this backdrop we have continued to focus on the things we do well, offering a range of competitive mortgage and savings products, delivering great customer service and supporting our local community. As a result, the Society has had another very successful year and delivered a strong financial performance.

2023 saw the Society deliver gross mortgage lending of £115.5m (2022: £108.2m), our highest ever year, with the mortgage book growing by 11.3% to £468.5m (2022: £421.0m), an incredible achievement given the market conditions. We achieved this by offering a broad range of competitive mortgage products whilst also focusing on streamlining our underwriting policies and practices to ensure we could arrive at lending decisions quickly - something we know is important to customers. We also re-entered the Shared Ownership market, helping borrowers get onto the property ladder in a cost effective way.

With Base Rate continuing to rise we have again been measured in our approach to increasing our Standard Variable Mortgage Rate ("SVR") during the year, being very conscious of the impact of higher payments on members with variable rate mortgages, whilst also being very conscious of



the need to increase savings rates. While Base Rate has risen by 5% since 2022 we were able to lessen the impact on borrowers by restricting the resultant increase in our SVR to 3.65%.

Despite mortgage rates rising and the cost of living pressures continuing we saw only a modest increase in the number of borrowers falling behind on their mortgage payments, with borrowers two or more months in arrears at 0.6% (2022: 0.5%). The Society will always work with members who are struggling to pay their mortgage, whether in arrears or not. During 2023 we signed up to the Mortgage Charter, a joint government and industry initiative to help provide some short-term flexibility to borrowers unable to meet their monthly mortgage payments. Using the Charter and our existing forbearance tools we have been able to provide support to many customers, helping to keep them in their home.

For borrowers looking for support or worried about their ability to pay their mortgage, further details around the help provided by the Mortgage Charter can be found on our website, or you can call us on 0121 557 2551 to speak to someone directly about the support we can provide.

Savings members have benefitted from significant increases to our interest rates offered this year, as we continue to strive to give good value to members. It is pleasing to report that our approach resulted in the Society attracting £51m (2022: £33m) in new savings balances from both existing and new members. This increase in savings balances will support future mortgage lending activity.

Underlying profit before taxation increased to £4.5m (2022: £3.8m). This performance was driven by both growth in mortgage balances and by Base Rate rises. In the current year, the rise in Base Rate resulted in higher mortgage rates and interest receivable on liquid assets, whilst savers benefited from higher interest rates on their deposit accounts. Profit before taxation, including accounting adjustments for derivatives, was £4.3m (2022: £4.8m). These adjustments will unwind over future years. As a mutual organisation our profitability is used to reinforce our strong capital position and to support future investment, rather than paying shareholders.

Community activity

Supporting and making a positive contribution to our local community is very important to us.

During the year total charitable donations amounted to £47,705. This included a donation of over £15,000 to our Charitable Foundation ("Foundation"), and £9,000 to the Midlands Air Ambulance Charity ("MAA").

Our Foundation donation included £5,000 as a result of members saving in our Community Saver accounts. The Foundation supports charitable activities within the West Midlands area with the principal purposes of raising educational standards, increasing health provision, and supporting the hospice movement.

Once again in 2023 Society colleagues adopted MAA as their charity partner. In addition to the amount donated by the Society, colleague fundraising activity resulted in a further donation of £7,753.

Chief Executive Officer's review (continued)

During the year we increased our support to the Black Country Food Bank, reflecting the vital support they provide to the most vulnerable people in our heartland with a donation of £12,000, and we have pledged a further £12,000 in 2024. We also introduced foodbank donation points into all of our branches as well as encouraging our colleagues to volunteer at their warehouse in Brierley Hill.

Colleagues also supported Santa's Black Country Toy Appeal, donating toys and other gifts. The charity offers support to children struggling due to the loss of a parent, parents losing their job, or losing their home.

We continued our long-standing partnership with Wolves FC and supported their Magic Moments initiative which aims to create memories for deserving supporters. This includes Premier League mascot packages and exclusive invitations to meet-and-greet with the first team at the training ground.

We have also continued our long-standing support of numerous local clubs and associations, including our ongoing support and sponsorship of Tipton Harriers Athletics Club and Tipton Town FC.

Our people

Our success during 2023 would not have been possible without the support and commitment of all of our colleagues. During the year we welcomed 14 new employees, growing our headcount to 110 people and supporting job creation in our local area.

We want all of our colleagues to feel the Society is a welcoming and inclusive place to work. To support this, 2023 saw us focus on delivering a series of diversity and inclusion events to promote understanding and awareness around a range of topics including Diwali, Ramadan, Black History Month, International Women's Day, Mental Health Awareness Week and Pride Month.

We also reviewed our benefits package, making

sure our colleagues are provided with the right benefits to support both their mental and physical wellbeing. As a result, we made changes in a number of areas including holiday entitlement, maternity and paternity pay, healthcare support, volunteering and pension arrangements.

I believe we are already seeing the benefits of our investment in our people with our colleague 12-month turnover rate now below 4%. We will continue to focus on making the Society an even better place to work in 2024.

Outlook for 2024

We remain focused at delivering our principal purpose of helping members to own a home at all stages of life, and to help them save for the future with a safe and secure home for their savings.

2024 will see us embarking on a number of significant projects to develop and deliver new products and further improve our services, simplifying customer journeys and expanding the way customers can interact with us. We will also look at ways of engaging more deeply with our community, as well as continuing to develop our people.

I am hopeful economic conditions will stabilise in 2024, allowing us to deliver another year of growth, albeit it may be challenging to match the growth levels seen in 2023 given the expected level of competition in the mortgage and retail savings markets. However, we are financially strong and well positioned to respond to any economic uncertainty or increase in competition, and we will continue to take opportunities as they arise.

Thank you for your continued support.

Adam Evetts
Chief Executive Officer
6 March 2024



Notice of Annual General Meeting

The 123rd Annual General Meeting ("AGM") of the Tipton & Coseley Building Society will be held on Wednesday 24 April 2024 at Tipton Sports Academy Social Club, Wednesbury Oak Road, Tipton, DY4 0BS at 7pm. The AGM is your opportunity to consider and vote on the following matters:

Ordinary resolutions

1. To receive the Director's Report, Annual Accounts, Annual Business Statement and Auditors Report

See the Summary Financial Statement for a summary of these items. Our full Annual Report and Accounts will be available from our Head Office, at any branch, at www.thetipton.co.uk or by calling **0121 557 2551**, from 18 March 2024.

2. To approve the Report of the Remuneration Committee for the year ended 31 December 2023

This vote is advisory and the Directors' entitlement to remuneration is not conditional on this resolution being passed. The Directors' Remuneration Report appears in the Annual Report and Accounts and in the Summary Financial Statement.

3. To re-appoint BDO LLP as auditors

As a building society we are required by law at each AGM to appoint external auditors who are to hold office until the end of the next AGM. The Board is proposing the appointment of BDO LLP as our Auditors for the financial year ending 31 December 2024.

Election and re-election of Directors

4. To re-elect Myron Hrycyk

When proposing Directors for re-election the Board carefully considers succession, skills mix and the individual contribution of each Director. You can find out more about the Director standing for re-election in the Summary Financial Statement.

Your Board recommends that you vote for all of these resolutions and the election and re-election of Directors.

By Order of the Board
Mark Ferguson, *Secretary*, 26 February 2024

The following notes form part of the Notice of Annual General Meeting.

1. You are encouraged to vote in person by attending the Annual General Meeting. Alternatively, you may use the proxy voting form or go online to appoint a proxy to attend and vote at the Meeting on your behalf. You may appoint the Chair of the Meeting or anyone else as your proxy, and your proxy does not have to be a member of the Society.
2. Your proxy may vote for you at the Meeting, but only on a poll. You may direct your proxy how to vote at the Meeting.
3. Your proxy may not speak at the Meeting other than to demand or join in demanding a poll.
4. If you appoint a proxy and they do not attend the Meeting, then your vote cannot be counted.
5. Ordinary resolutions will be passed if a majority of members who vote, vote in favour.

2023 Community highlights



PROUD SPONSORS
OF THE AWARD FOR
BEST COMMUNITY PROJECT
AT THE DUDLEY BOROUGH
COMMUNITY AWARDS



7 YEARS
SUPPORTING
MIDLANDS AIR
AMBULANCE CHARITY


OVER
£13,900
DONATED
BY OUR
CHARITABLE
FOUNDATION




OVER
£15,000
DONATED TO
OUR CHARITABLE
FOUNDATION



£12,000
DONATED TO
BLACK COUNTRY
FOOD BANK



OVER
£16,700
DONATED TO
MIDLANDS AIR
AMBULANCE BY
THE SOCIETY AND
COLLEAGUES



CHRISTMAS DONATIONS
TO BLACK COUNTRY
SANTA TOY APPEAL



19 LOCAL
COMMUNITY
AND SPORTS
GROUPS
SUPPORTED



Community activity

Supporting our local community lies at the very heart of what we do. During 2023 we supported over 19 local community groups including: Black Country Food Bank; Tipton Town FC; Tipton Harriers; Sedgley Gardening Club; Coseley Cricket Club; Darlaston Boxing Gym; St Chads Church; Tipton Civic Society; Tipton & Princes End Domino League; JW Hunt Cup; Black Country's Santa Toy Appeal; and more. Most recently, attending the 2023 Dudley Borough Community Awards as proud sponsors of the Best Community Project or Group award. The awards evening on 23 November 2023 saw us announcing the winner, Ladies Fighting Breast Cancer.

Our Charitable Foundation provides further support, allocating grants totalling £13,952 to locally based causes during 2023. Twice a year a panel of our colleagues and members of the community come together to allocate funds to local health and educational charities.

Beneficiaries included Murray Hall Community Trust; Lennox Children's Cancer Fund; Better Understanding of Dementia for Sandwell (BUDS); St John's Ambulance; Priory Park Amateur Boxing Club; St Giles Hospice; Omega; NICE; Wolverhampton Samaritans; Birmingham Hospice; and The Mary Stevens Hospice.

Since 2018, we have been proud supporters of Midlands Air Ambulance Charity which operates and funds three air ambulance helicopters. The Charity relies entirely on the support and generosity of local people and businesses. Through the course of the year our colleagues have worked hard to raise over £7,700 for the Charity from a range of activities including spin bike challenges; raffles; a charity football match; the Tipton Bake Off; and more. A further £5,000 was donated through our Midlands Air Ambulance Saver accounts, at no cost to our members.



Our 2024 charities of the year

Giving back to the local community is part of who we are. We will continue our support in the local community throughout 2024 with our sponsorship initiatives and Charitable Foundation.





As well as this, we asked colleagues to nominate local charities to support during 2024. With numerous nominations received, who all do incredible work, it left a tough decision to choose our Charity of the Year. As a result, we will be supporting four charities throughout the year.

During the year we will be supporting **Midland Langer Seva Society, Balls to Cancer, Acorns Children's Hospice, and Heartlands Hospital Neonatal Unit.** We are pleased to be supporting these incredible charities and hope this support will make a difference to the work the charities do.



Our range of mortgage products

FIRST TIME BUYERS

-  FAMILY ASSISTED
-  LOW DEPOSIT
-  JOINT BORROWER SOLE PROPRIETOR
-  SHARED OWNERSHIP

HOME MOVERS

-  RESIDENTIAL PURCHASE
-  RESIDENTIAL REMORTGAGE
-  LENDING INTO RETIREMENT

BUY TO LET INVESTORS

-  EX PAT
-  LTD. COMPANY

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

All applications are subject to status, valuation and our lending policy. Terms and conditions apply. These products may be withdrawn at any time.

Help with the cost of living

We understand the cost of living is a concern for families across the UK. If you're worried and want to know what support is available to you for budgeting or help with debts, the following information may be of help.

Making a budget can help you manage your money. Having a clear view of your income and expenditure will help you understand what your essential expenditure is, what subscriptions you no longer need, and what you have left for other things that are important to you. Money Helper have a free budget planner on their website at moneyhelper.org.uk.

We are pleased to have signed up to the Government's Mortgage Charter. The Charter is a set of principles to support those who may be worried about their mortgage payments.

What the Mortgage Charter means for you

- We will continue to offer all customers who are coming off their current mortgage product a new deal before their existing deal ends.
- We will contact you up to 3 months before your current product ends with details of all the new product options available to you.
- You retain the ability to extend your mortgage term to lower your payments with the option of reverting back to your original term within 6 months without an affordability assessment.
- You can stay in your home for at least 12 months after your first missed payment, unless there are exceptional circumstances. We treat everyone individually and will always use repossession as a last resort.

Important information

- The support offered under the charter will not be recorded as arrangement on your credit file as long as you continue to make your monthly repayments.

- If you choose to make a temporary change to interest only or to extend your term (even if this is, then later reduced) this will increase the overall cost of your mortgage. Your monthly payment will also increase once the temporary interest only period ends, and when reverting back to your original mortgage term.

If you have multiple debts, independent help is available where you can confidentially discuss your situation and they'll help you to find ways to manage your debts. Organisations that can provide support include:

National Debtline
nationaldebtline.org 0808 808 4000

StepChange Debt Charity
stepchange.org.uk 0800 138 1111

Debt Advice Foundation
debtadvicefoundation.org 0800 043 4050

Or call us on **0121 557 2551** to discuss your options.



Summary Financial Statement

This financial statement is a summary of information in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Tipton & Coseley Building Society from 18 March 2024.

Summary Directors' Report

The Summary Directors' Report for the year ended 31 December 2023 comprises the Chair's Welcome on page 3, and the Chief Executive Officer's review on pages 4 to 6.

Approved by the Board on 6 March 2024.

Jeremy Cross, Chair
Adam Evetts, Chief Executive
Alastair Shand, Finance Director

Key Financial Ratios

	2023	2022
Summary of Key Financial Ratios	%	%
Gross capital as a percentage of shares and borrowings	9.38	9.85
Liquid assets as a percentage of shares and borrowings	23.76	23.73
Profit for the year as a percentage of mean total assets	0.57	0.75
Management expenses as a percentage of mean total assets	1.59	1.48

Explanation of Key Financial Ratios

Gross capital as a percentage of shares and borrowings - gross capital consists of profits accumulated over many years in the form of reserves. It provides a financial cushion against any difficulties which may arise from the Society's activities and, therefore, protects investors.

Our strong level of capital, together with the prudent nature in which the Society is managed ensures the Society's intention to provide a safe and secure home for members' savings is fulfilled.

Liquid assets as a percentage of shares and borrowings - measures the proportion of the Society's assets that are held in the form of cash, short term deposits and government securities in relation to shares and borrowings. As liquid assets are by their nature readily realisable, this ensures the Society is able to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Profit for the year as a percentage of mean total assets - measures the proportion of profit after taxation for the year in relation to the average balance of total assets during the year. The Society needs to make a reasonable level of profit each year to maintain the capital ratio at a suitable level to protect investors.

Management expenses as a percentage of mean total assets - measures the proportion of administrative expenses as detailed in this document (which includes depreciation and amortisation) in relation to the average balance of total assets during the year. Expenses need to be controlled so that the Society operates as efficiently as possible while providing the service that members require.

Summary Financial Statement

for the year ended 31 December 2023

	2023	2022
Results for the Year	£'000	£'000
Net interest receivable	14,075	11,565
Other income and charges	(101)	114
Fair value gains	(189)	1,033
Administrative expenses	(9,096)	(7,647)
Provisions for bad and doubtful debts	(351)	(254)
Profit before tax	4,338	4,811
Taxation	(1,055)	(937)
Profit for the year	3,283	3,874
	2023	2022
Financial position at end of Year	£'000	£'000
Assets		
Liquid assets	130,299	116,084
Derivative financial instruments	5,616	11,456
Mortgages	464,249	409,545
Fixed and other assets	3,378	3,027
Total assets	603,542	540,112
Liabilities		
Shares	479,581	415,657
Borrowings	68,798	73,560
Derivative financial instruments	1,735	625
Other liabilities	1,951	2,076
Provisions	16	16
Reserves	51,461	48,178
Total liabilities	603,542	540,112

£116M
 GROSS MORTGAGE LENDING


£479M
 TOTAL SAVINGS BALANCES


£4.5M
 UNDERLYING PROFIT BEFORE TAX

£4.3M
 PROFIT BEFORE TAX

2.46%
 NET INTEREST MARGIN

1.59%
 MANAGEMENT EXPENSES RATIO

23.8%
 LIQUID ASSETS RATIO

25.5%
 TIER 1 CAPITAL RATIO

Independent auditor's statement

Independent auditor's statement to the members of Tipton & Coseley Building Society

and Directors' Report of the Society for the year ended 31 December 2023 and conforms with the applicable requirements of section 76 of the Building Societies Act 1986 and regulations made under it.

Opinion on the Summary Financial Statement

On the basis of the work performed, as described below, in our opinion the Summary Financial Statement is consistent with the full annual accounts, the Annual Business Statement

We have examined the Summary Financial Statement of Tipton & Coseley Building Society ('the Society') for the year ended 31 December 2023 which comprises the Results for the year, Financial Position at the end of year, together with the summary Directors' report.

Independent auditor's statement (continued)

Basis for opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts and disclosures included in the Summary Financial Statement to the corresponding items within the full annual accounts, Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2023, including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for that year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether, in our opinion, information has been omitted which although not required to be included under the relevant requirements of section 76 of the Building Societies Act 1986 and regulations made under it, is nevertheless necessary to include to ensure consistency with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year ended 31 December 2023.

We also read the other information contained in the summary financial statement and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Our report on the Society's full annual accounts is unqualified and describes the basis of our opinions on those annual accounts, the Annual Business Statement and Directors' Report.

Directors' responsibilities

The directors are responsible for preparing the summary financial results within the Summary Financial Statement, in accordance with applicable United Kingdom law.

Auditor's responsibilities

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

The purpose of our work and to whom we owe our responsibilities

This auditor's statement is made solely to the Society's members, as a body, and to the Society's depositors, as a body, in accordance with section 76 of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement 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 and the Society's depositors as a body, for our work, for this statement, or for the opinions we have formed.

Stefan Beyers
(Senior Statutory Auditor)

For and on behalf of BDO LLP,
Statutory Auditor
London
6 March 2024

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

Board of Directors

as at 31 December 2023



Jeremy Cross - Chair

Jeremy was appointed to the Board in 2022 as Chair, he also Chairs the Nominations Committee. He has been a Chartered Accountant for 30 years with a background in Retail and Financial Services. Prior to joining the Society, Jeremy was Chair of another regional building society and has worked within the mutual sector for over 10 years. In addition, he serves on the Board of his local NHS Foundation Trust, as well as chairing the Board of a Children's Hospice.



Keith Rolfe - Vice Chairman and Senior Independent Director

Keith was appointed to the Board in 2015. He has extensive risk management experience gained from front-line risk roles in leading global financial institutions, latterly in an executive role within Barclays Corporate as Chief Credit Officer. He has also worked for UBS and Credit Suisse in Risk Management roles. He is Chair of the Risk & Compliance Committee and is a member of the Nominations Committee.



Sally Veitch - Non-Executive Director

Sally was appointed to the Board in 2018 and Chairs the Audit Committee and is a member of the Risk & Compliance and Remuneration Committees. She is a Chartered Accountant, qualifying in 1997 whilst working for Coopers & Lybrand, and in her executive career she was a senior executive at Home Retail Group. She holds non-executive positions at Perenna Bank, LHV UK and H&T plc. She is also Chair of Settle Housing Association and a governor at Roundwood Park School Academy Trust.



Belinda Moore - Non-Executive Director

Belinda was appointed to the Board in 2020. She has extensive experience across a wide spectrum of marketing disciplines gained from a career of over 30 years in the UK and overseas. She holds non-executive roles at Benenden Healthcare, Moat House and LGPS Central. She is a member of the Audit and Remuneration Committees.



Jill Bentley - Non-Executive Director

Jill was appointed to the Board in 2022. She has over 30 years risk management and prudential risk experience gained from senior roles across several large financial services firms. During her career she has also had several external secondments, including serving as Chief Risk Officer at what was then the Department of Communities and Local Government, and Policy Director at what was then the British Bankers Association. Jill is a member of the Audit, Risk & Compliance and Nominations Committees.



Adam Evetts - Chief Executive

Adam joined the Society in 2020 and was appointed to the Board in 2022, taking on the role of Chief Executive from January 2024. He has worked within the building society sector for over 28 years, with 23 years working within risk and compliance roles. He holds an MBA from Leicester University. He is a member of the Nominations Committee.



Alastair Shand - Finance Director

Alastair was appointed to the Board as Finance Director upon joining the Society in 2021. He is a Chartered Accountant, qualifying in 1993, and holds an MBA from the University of Warwick. Prior to joining the Society, Alastair has worked in financial services for over 20 years, most recently in a senior finance role at Skipton Building Society.



Richard Newton - Chief Executive (Resigned 31 December 2023)

Richard joined the Society in 1991 as an administrative assistant. Following his appointment as Finance Manager he qualified as a Chartered Certified Accountant in 2001. He was appointed to the Board in July 2011 and is a former Finance Director of the Society. He was appointed Chief Executive in December 2013 and was a member of the Nominations Committee.

Director standing for re-election



Myron Hrycyk - Non-Executive Director

Myron was appointed to the Board in 2017. He has an MBA from Birmingham University and is a chartered member of the British Computer Society. During his career he has been Group Chief Information Officer and Digital Director at Severn Trent plc, and IT Director at Unipart Advanced Logistics. He is a Cabinet Office Crown Representative working with the UK Government's strategic digital technology suppliers, and a Non-Executive Director at Rooftop Housing Association. He is Chair of the Remuneration Committee and a member of the Audit and Risk & Compliance Committees.

Report of the Remuneration Committee

The Society's success is built on having brilliant people working for it. Remuneration practices therefore need to help both attract and retain committed and engaged colleagues which will support long-term sustainability and represent value to members. The Remuneration Committee is responsible for overseeing the approach and in doing so ensuring we meet the remuneration requirements set out by the PRA and FCA and have regard for the requirements set out in the UK Corporate Governance Code.

2023 Remuneration review

Competition within the financial services industry for high-calibre individuals remained intense during 2023 despite the economic outlook.

The development and delivery of our People Plan helps us ensure we can attract and retain the right people by creating a vibrant workplace that encourages colleagues to thrive. By being a great place to work we believe this will support long-term sustainability and strengthen our position as a local employer of choice. Remuneration is one element of this, and we have continued to develop our remuneration strategy which aims to ensure remuneration practices support five key objectives:

- Attract, motivate, and retain talented colleagues;
- Promote and reward behaviours that support the Society's values;
- Keep the Society safe;
- Ensure pay is fair and equitable for all colleagues; and
- Motivate colleagues to increase their engagement, productivity, and performance.

As concerns over the cost of living increased during the year, we kept our approach to remuneration under review which included benchmarking ourselves against our peers and the wider financial services industry and responding accordingly. We use the Living Wage Foundation's real Living Wage as the benchmark for our minimum hourly rate of pay.

Role of the Remuneration Committee

The Committee comprises only non-executive Directors, all of whom are independent. The Chair of the Board is not permitted to be a member of the Committee. The Chair of the Committee must have previously been a member of a Remuneration Committee for at least 12 months prior to appointment.

The Committee is responsible for the remuneration policy for all colleagues, ensuring it is fair, aligns with the wider organisational culture, and supports the Society's strategic objectives. The Committee makes independent recommendations to the Board regarding remuneration, incentive schemes and contractual arrangements.

The Committee has responsibility for ensuring the Society complies with the relevant aspects of the regulators' remuneration codes and reviews the Remuneration Policy annually, recommending its approval to the Board.

The Committee meets at least twice per year and makes recommendations to the Board regarding the suitability of Executive remuneration packages and incentive schemes. Where required the Committee will seek external professional advice, if appropriate, on comparable remuneration packages.

Report of the Remuneration Committee (continued)

In assessing Executive Director remuneration, including that for new appointments, the Committee considers individual performance, information from external sources including comparable building society data, the performance of the Society as a whole, and relevant factors from the external economic environment. It then makes recommendations to the Board regarding levels of salary, benefits, and performance related pay awards.

The minutes of the Committee are circulated to all Board members and the Chair of the Committee reports to the Board at the next Board meeting.

Overview of Executive Directors remuneration

The remuneration for Executive Directors reflects their responsibilities, expertise, experience, and overall contribution to the successful performance of the Society. Their benefits package is designed to motivate decision making in the interests of members as a whole and is aligned to delivery of corporate strategy. This year the overall package comprised basic salary, a performance related pay scheme, and other benefits. Performance related payments are non-contractual and non-pensionable.

The Society does not have a share option scheme and none of the Directors has any beneficial interest in, or any rights to subscribe for shares in or debentures of, any commercial undertaking of the Society.

Executive Directors remuneration comprises of three elements:

- **Basic Salary:** The Society requires professional and highly competent individuals in leadership roles each of whom require regulatory approval under the Senior Managers Regime. Basic salary is set having regard for these requirements, the consequential regulatory

accountability, and having had consideration of information from external sources including comparable building society data.

- **Performance Related Pay Scheme:** This annual scheme has regard for best practice by emphasising the need for sustainable performance and recognises that ensuring effective risk management and a sustainable business model are vital requirements for the long-term wellbeing of the Society. It has been aligned to the corporate objectives and provides an incentive to perform at the highest level in a manner consistent with the long-term interests of members.

The scheme requires high performance across a range of measures before the maximum award of 20% of basic salary can be achieved. The Committee recommends to the Non-Executive members of the Board the scheme target measures, these are designed to ensure the continuing security and financial strength of the Society, recognise corporate and individual performance in accordance with good risk management, treat customers fairly, uphold excellent customer service, conduct, and quality of work standards. In assessing performance against the scheme, the Committee will ensure performance is aligned with business objectives and activities and have regard for the overall regulatory conduct, member satisfaction and the effect of general market conditions. The Non-Executive Directors of the Board have sole discretion on awards made under the scheme which includes overriding formulaic outcomes.

- **Other Benefits:** Executive Directors are members of the Society's Defined Contribution Pension Scheme. The Society makes a contractual contribution of 15% of basic salary for Executive Directors pension payments and this is taken into consideration

when assessing their overall remuneration package; the pension scheme provider for Executive Directors is the same as for other employees.

Executive Directors also receive benefits including a car allowance and private health care scheme (covering only themselves). The Society does not provide subsidised mortgages.

Each year the Executive Directors are appraised by the Chair of the Board in respect of their individual performance as members of the Board and by the Chief Executive in respect of their executive duties.

Executive Directors have contracts of employment as set out below:

Executive	Date contract signed	Notice required by:	
		Executive	Society
Alastair Shand	05/05/21	6 months	6 months
Adam Evetts	09/11/23	6 months	6 months

There are no special terms in the event of amalgamation, transfer of engagements or transfer of business where employment is to be terminated.

Executive Directors who hold outside Directorships do not receive any remuneration from those organisations.

Overview of Non-Executive Directors fees

Fees relating to Non-Executive Directors are considered by the Chief Executive and Finance Director, with the Board Chair in attendance, having regard for the amount permissible under the Society's Rules. No Director is involved in setting their own fees.

The basic fee payable to Non-Executive Directors is assessed using information from comparable organisations, the time commitment required and responsibilities of the role. A supplementary fee is paid to the Chair of the Board, the Chair of Audit Committee, and the Chair of Risk & Compliance Committee to reflect the additional responsibilities and time commitment required of these roles. Non-Executive Directors do not participate in any incentive schemes or receive any other benefits. Non-Executive Directors have a letter of appointment rather than a contract of employment.

Myron Hrycyk

Chair of the Remuneration Committee
6 March 2024

Directors' remuneration

Non-executive Directors	2023 Total fees £'000	2022 Total fees £'000
C D J Almond (resigned 26 May 2022)	-	13
J Y Bentley (appointed 4 November 2022)	33	5
J D Cross (appointed 28 April 2022)	47	36
A J Higgins (retired 27 April 2022)	-	15
M Hrycyk	33	32
B M Moore	33	32
K A Rolfe	38	38
S J Veitch	38	38
Total	222	209

Executive Directors	Salary £'000	Performance related pay £'000	Benefits £'000	Sub-total £'000	Pension contributions £'000	Total £'000
2023						
R J Newton	182	36	11	229	36	265
A J Evetts	140	28	8	176	24	200
A J Shand	154	31	9	194	29	223
	476	95	28	599	89	688

Executive Directors	Salary £'000	Performance related pay £'000	Benefits £'000	Sub-total £'000	Pension contributions £'000	Total £'000
2022						
R J Newton	175	35	11	221	26	247
A J Evetts (appointed 1 September 2022)	45	9	3	57	7	64
A J Shand	149	30	9	188	19	207
	369	74	23	466	52	518

In March 2023, R J Newton notified the Board of his intention to step down from the role of Chief Executive, this took effect on 31 December 2023. Contractual arrangements agreed with Mr Newton, to ensure an orderly and successful transition to his successor, included extending his notice period by 6-months, and will result in payments totalling £106,000 being made to Mr Newton during 2024. All Executive Directors are eligible to be members of the Society's defined contribution pension scheme. During 2022, A J Shand elected with agreement from the Society, to take a proportion of pension contributions as salary.

Protecting yourself from fraud



Protecting yourself from fraud and scams is something that everyone should take seriously. While we will take measures to protect the security of your accounts with the Society, you should be careful to protect your personal information and finances too.



Take Five is a national campaign offering impartial advice to help everyone protect themselves from preventable financial fraud. Techniques used by fraudsters are becoming more sophisticated and some of the most common things to keep an eye out for are listed below.

Phone scams

This is where scammers call you claiming to be from your bank, building society, or another organisation you trust. It is important to know that they may already have some of your information and use this to convince you. If you are ever in doubt, do not give out any personal information.

Text message scams

This often happens when a scammer texts you to tell you there has been fraud on your account and asks you to complete an action to resolve the issue. They commonly ask you to click a link or call a number to update your personal details. It is very unlikely that providers will ever contact you in this way regarding fraud. If you receive a text, do not click any links and call your financial services provider on a number you know to be correct e.g. the one on their website or any formal correspondence.

Email scams

While we all receive junk emails from time to time, some are likely to be more dangerous. A spam email is disguised so it looks like it has come from your financial services provider. There are some things to look out for to help you recognise these; check the senders email address and look out for spelling mistakes. Never click any links in emails or open any attachments unless you know who the sender is.



**"NEVER CLICK ANY LINKS
IN EMAILS OR OPEN ANY
ATTACHMENTS UNLESS YOU
KNOW WHO THE SENDER IS"**

Remember

Stop: Taking a moment to stop and think before parting with your money or information could keep you safe.

Challenge: Could it be fake? It's ok to reject, refuse or ignore any requests. Only criminals will try to rush or panic you.

Protect: Contact your financial services provider immediately if you think you've fallen for a scam and report it to Action Fraud by calling them on **0300 123 2040**.