



ANNUAL REPORT & ACCOUNTS

Year Ended 31 December 2025

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Welcome from our Chair



Despite many pressures facing Banks and Building Societies over the last year or two I am pleased to report that your Society has performed well in the year ending December 2025. The ability to attract new mortgage and savings customers underlines the enduring appeal of the Society's

products to its member base and its determination to stay competitive in a crowded marketplace. The Society made a respectable level of profit and has added to its capital. The Society also successfully completed its repayment of funds made available to building societies by the Bank of England on advantageous terms designed to encourage lending.

Foremost amongst the challenges faced by all local and regional building societies is the level of competition in both the mortgage and savings areas. Over recent years this has put pressure on margins (the gap between the interest rate paid to savers and that charged to borrowers). The maintenance of fair rates to both borrowers and savers remains, as always, an important balance for the Society's Board.

For much of the year the mortgage market has been subdued with demand affected by uncertainties regarding the UK economy and in particular concerns about a rising tax burden on consumers required to fund increasingly stretched public services. The overall geopolitical climate, with increased defence commitments, and punitive trade tariffs have added to economic concerns and the UK economy experienced anaemic growth in 2025. House prices have risen more slowly than in previous years and this has affected the confidence of buyers. Inflation, whilst reducing, remains a threat to the UK economy and policy makers have generally been tentative in reducing bank base rate as quickly as many borrowers had hoped.

With interest rates falling, savers have had to look harder for good value for deposits and the Society has launched a range of competitive products over the year to meet this demand.

Whilst 2025 has been a successful, if challenging year, with strong growth in mortgage lending, our Report and Accounts show an increased level of provision for bad debt, driven by a single case, which has since redeemed. This case aside, the Society's loss provisions remain comparable with peer group benchmarks, the level of mortgage arrears has fallen over the course of the year, and the lending portfolio quality remains strong. The Society continues to approach arrears situations with sensitivity and employs a range of practices to help borrowers overcome payment difficulties.

Last year I reported that the Society will be making substantial investments to upgrade our systems and processes over the coming years to take advantage of many technological opportunities now available to us. These changes are designed to improve our service to members. This programme of investments will take time, but considerable work has been undertaken to plan and resource these changes in 2025. In 2026 we hope to be able

to bring the initial benefits of this work on stream, providing tangible benefits to savers in the first instance. Whilst the Society recognises the need to automate certain activities, we also recognise the value that our members place on service and the ability to interact with experienced capable people.

Each year the Society surveys its members in a variety of different ways to check overall levels of satisfaction and to assess whether our members feel that they are being treated fairly. The results of these surveys continue to be overwhelmingly positive, but we are always keen to "up our game" and offer a level of personal service that is nowadays not common in our financial services industry.

We also undertake surveys of our colleagues to check alignment with the values that we wish to promote in the business. The results of the survey undertaken towards the end of the year are very positive and show a team genuinely dedicated to serving our members.

In closing out the year, I therefore wish to thank our members for their continued support of the Society and our management and colleagues for their hard work and determination to continue to succeed and take the business forward. The Society is reaching new heights, and we do so while standing on the shoulders of those who have come before us.

On that final note, many members may remember Howard Machin who was the Society Chairman through the difficult years of the global financial crisis, and a staunch supporter of the Buckinghamshire Building Society over so many years. Howard sadly died in 2025, and I would like to take this opportunity to honour his service.

Dick Jenkins
Chair

2025 Performance Headlines



£312m
Total savings balances
(2024: £318m)



£295m
Total mortgage balances
(2024: £287m)



£348m
Total assets
(2024: £361m)



£0.5m
Profit before tax
(2024: £0.9m)

Update from our CEO



2025 was a landmark year for the mutual movement, marking the 250th anniversary of the first building society, The Ketley, in 1775 in Birmingham - a reminder that, while much has changed in the world around us, our Society purpose remains as relevant today as it was when

the Buckinghamshire Building Society was founded in 1907.

Macro-economic uncertainty has become the norm. Inflation has reduced from the peak in 2023 but remains stubborn in its return to the Bank of England's target. Base rates have reduced but various factors both national and international, continue to drive uncertainty in the outlook. Against the same backdrop, our core markets have remained as competitive as ever, as we seek to balance the interests of savers and mortgage members. The Society's performance remains resilient, as it advances its plans to upgrade technologies and processes that will become the foundation for member products and services over the coming years.

Performance Headlines

The Society carried positive momentum into 2025 with a strengthened mortgage pipeline driving a substantial increase in new lending (£56m, +41%) and renewed mix of lending within those niches that the Society is most famous for. On the funding side of the balance sheet, the Society completed the repayment of its term-funding (TFSME) to the Bank of England, ahead of the deadline, with the commensurate moderation of liquidity levels. As a result, and despite mortgage balances increasing to £295m (+3%), total assets at year-end eased to £348m (-3.5%).

The Society's net interest margin increased to 2.0% (from 1.8% in 2024) reflecting the outcome of lower cost of funds through peak fixed rate savings product maturities and a stronger proportion of new lending within those niches that the Society specialises in. The Society's net interest income closed at £7.1m (+6% on 2024). Continued inflationary pressures and targeted investments in technology required careful management of Society costs to £6.3m (+2% in 2024). The underlying business performance was resilient, with operating profits (excluding Loss Provisions) at £0.8m (broadly flat on 2024).

The volume of arrears cases and arrears balances reduced through the year, and the Society continues to channel its personalised support to those members in need of support. Loss provisions increased in part due to macro-economic conditions driving adjustments in portfolio modelling and part driven by a specific provision for a single case that has now redeemed. Consequently, profit before tax was £0.5m (£0.9m in 2024).

Profit levels through the next 2-year period of IT investment, are expected to remain modest. The Society's capital position strengthened to £30.6m (£30.2m 2024) and continues to represent a very strong Core Equity Tier 1 capital ratio of 22.9%, well in excess of our regulatory capital requirement.

We firmly recognise that it is people that power our member services and business results. Our annual colleague survey showed a team that is fully committed to the Society purpose, values and long-term plans. Our colleagues are proud of the role that the Society plays in supporting the local community, evidenced through the positive impact of our Member-led and Colleague-led Community Funds and lasting partnership with the Heart of Bucks, with whom we were proud to celebrate their 25th year anniversary.

Strategic Progress

Through 2025, we are pleased that we have been able to demonstrate our commitment to the long-term through the progress made across our 5 strategic priorities:



The Bucks Way: Refreshed brand guidelines launched
Funding: Repayment of Bank of England term-funding (TFSME) completed.
Fit For Future: Long-term proposition investment programme fully mobilised.



Digital Onboarding: Record increase in the number of savings accounts opened online.
Digital Services: New member withdrawal request introduced.
Communications: Member contact preferences refreshed.



First Time Buyers: One third of our residential lending supported First Time Buyers – for the second-year running.
Recognition: Nominated in nine categories at four prestigious industry award ceremonies.
Broker Satisfaction: 4-star rating retained for 2025.



Wellbeing: Family friendly policies rolled out.
Engagement: Brand new colleague recognition programme launched.
Colleague Survey: Record colleague scores for Purpose, Strategy and Society Values.



Sponsorship: Proud sponsor of Buckinghamshire Business First Award.
Community: 'Colleague led' Bucks Community grant and 'Member led' Bucks Purpose grant awarded.
Communication: Monthly member newsletter launched.

Outlook

The last few years have underlined for everyone the pace at which the world is changing. The Board's annual strategic review regularly considers how the Society must evolve in order to keep meeting the needs of our members sustainably over the long-term. While macro-economic uncertainty has become the new norm, our longer-term mission is clear. The Bucks team feel energised by the plans that we have set, via our **Fit For Future** programme – a multi-year investment in technology, process change and our people, to significantly strengthen our member proposition - *The Bucks Way*

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

Dan Wass
Chief Executive Officer

Directors' Report (including Strategic Overview and Risks)

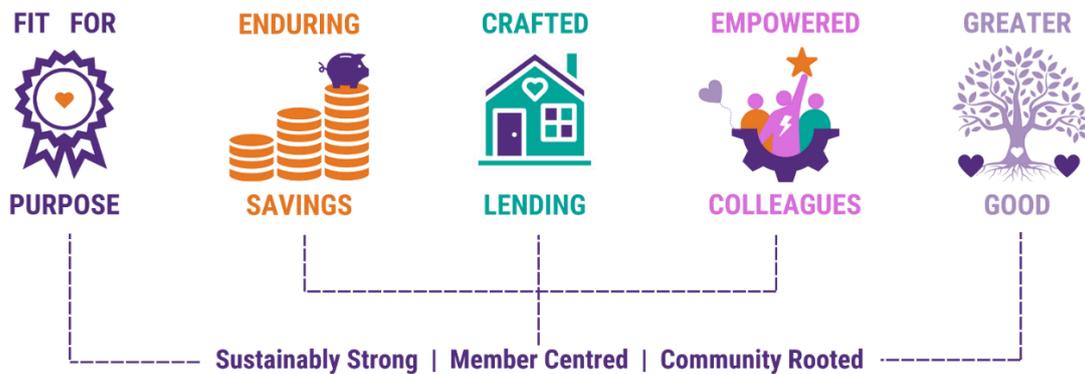
The Directors have the pleasure in presenting the Directors' Report for the year ended 31 December 2025. The Report includes a review of the Society's activities and performance in 2025, the principal risks and uncertainties we face and our plans for the future.

The Buckinghamshire Building Society was founded in 1907 with a simple, mutual purpose:
 "...to help people achieve financial security, provide a safe home for savings and enable home ownership".

Our vision is rooted in that purpose:
 "To be the best small building society, endorsed by a thriving membership both locally and nationally – committed to helping members achieve financial security and home ownership."

As part of the 2022 Strategy Review, the Society framed its strategy around 5 pillars through which the Society channels its energies in pursuit of its vision.
 This year's Strategy review dives deeper into delivering the strategy and defining the pathways towards long-term sustainability...

The Bucks Way



Our Values represent what the Society stands for:



Our Membership stands at 11,448 members at the end of 2025:

Our members continue to support us and engage with us through various channels. Following our member survey last year, customer service satisfaction rating at 92.4% improved from last year by 2%. We received a very low level of complaints in 2025 and four of the complaints were referred to the Financial Ombudsman Service and none of them were upheld against us.

Our performance in 2025 has been resilient, given the macro-economic uncertainty:

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

FIT FOR



PURPOSE

ENDURING



SAVINGS

CRAFTED



LENDING

EMPOWERED



COLLEAGUES

GREATER



GOOD

The Society recognises that every strong brand expresses itself authentically, in line with its purpose and values, and so were pleased to roll out a reinvigorated set of brand guidelines across our communications channels. We completed the repayment of term-funding (TFSME) to the Bank of England ahead of the 2025 deadline and are now well-placed for the next phase of growth. But the world never stands still and we continued to invest in technology and cyber security and fully mobilised our long-term proposition investment programme, **Fit For Future**.

Providing a safe home for our members' savings is central to our purpose and nurturing growth in our membership through lasting savings relationships is a key priority. Following the launch of our new digital onboarding journey for savings accounts, the Society saw record number of members open their savings accounts online and made further process enhancements to make it easier for members to request withdrawal of their funds. We are pleased that our business savings products have resonated with local businesses within our community.

Bringing together the best of our crafted lending solutions is how we seek to support our members' homeownership dreams, supporting First Time Buyers through our new business lending. We introduced further enhancements to digital services for brokers submitting new loan applications to the Society and retained our 4-star rating for satisfaction. Recognising the ongoing pressures on households through this extended period of economic challenge, we were pleased to maintain our support model for members experiencing financial difficulty.

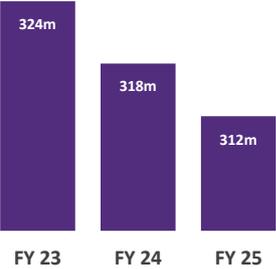
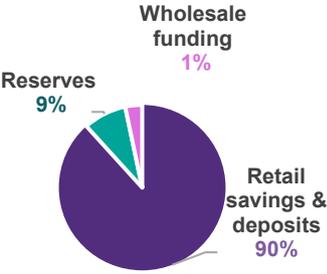
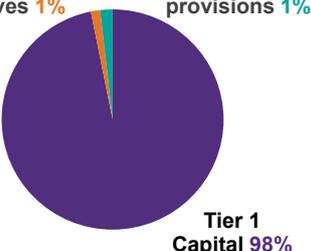
Our colleagues sit at the heart of what makes your Society unique, which is why we have prioritised making the Society an exceptional place to work, with a particular focus on engagement, development, and well-being of our colleagues. We were delighted to have achieved 90% response rate from our annual colleague survey, with 100% positive scores for: Society Purpose, Strategy, and Support for the Community. More than 14% of the Society's colleagues benefitted from the support of sponsored professional qualifications in 2025.

We continue to support and engage in a number of events in and around Chalfont St Giles and Buckinghamshire. Our members voted to award £5k to Aylesbury Homeless Action Group in 2025 to support their exceptional work in the local area. In partnership with the Heart of Bucks, we awarded our second Colleague-led Community grant to Black Park Shed and we continue to support local businesses through our sponsorship of the Excellence in Customer Experience category at the Buckinghamshire Business First Awards.

2025 Performance

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

Lending	Gross mortgage lending is the amount of new loans that we make to members each year. We support a diverse range of members including first-time buyers, buy-to-let investors, those in retirement, as well as individuals with non-standard income or minor adverse credit histories.								
 <p>Total new mortgage lending (£)</p> <table border="1"> <tr> <th>FY</th> <th>Total new mortgage lending (£)</th> </tr> <tr> <td>FY 23</td> <td>59.2m</td> </tr> <tr> <td>FY 24</td> <td>39.4m</td> </tr> <tr> <td>FY 25</td> <td>55.7m</td> </tr> </table>	FY	Total new mortgage lending (£)	FY 23	59.2m	FY 24	39.4m	FY 25	55.7m	<p>Gross new lending to members in 2025 reached £56m, an increase of 41% on the previous year (2024: £39m). This uplift reflects both improved confidence across parts of the housing market and the progress we have made in enhancing our lending proposition, including continued investment in our broker and member onboarding journeys.</p> <p>Repayments and redemptions totalled £49m, slightly lower than the prior year (2024: £52m), supporting overall book growth. Combined, these movements resulted in the Society's mortgage book increasing by 3% to £295m at the year-end (2024: £287m). Growth in the book was achieved while maintaining a disciplined approach to credit quality and ensuring that lending decisions remained aligned with our policy, risk appetite, and focus on member outcomes.</p>
FY	Total new mortgage lending (£)								
FY 23	59.2m								
FY 24	39.4m								
FY 25	55.7m								

<p style="text-align: center;">Savings</p>	<p>Providing long-term value to our members remains at the core of our savings strategy. Stable and diversified retail funding remains an essential part of supporting the Society's future lending ambitions.</p>
 <p style="text-align: center;">Share and deposit balances (£)</p>	<p>Savings balances decreased by 2% to £312m in 2025 (2024: £318m). This modest contraction reflected a combination of internal and external factors. As the Society managed its overall liquidity position lower through its repayment of TFSME funding, the wider market remained highly competitive for retail deposits, with providers maintaining elevated rates despite a 1% reduction in the Bank Base Rate during 2025.</p> <p>While the reduction in balances was proportionate and expected, stable and diversified retail funding remains essential to support the Society's future lending ambitions. As mortgage demand strengthens, maintaining predictable and sustainable inflows of member savings will continue to be a priority. Our focus remains on offering members attractive value while supporting overall margin stability in a challenging rate environment.</p>
<p style="text-align: center;">Liquidity</p>	<p>Our liquidity ratio measures liquid assets held in the form of cash and investments as a percentage of shares and borrowings. It is a key measure of the Society's ability to meet its financial commitments as they fall due.</p>
 <p style="text-align: center;">Funding sources</p>	<p>Our liquidity position continues to reflect a careful balance between maintaining financial resilience and supporting the Society's strategic lending ambitions. The liquidity ratio at year-end was 15.3% (2024: 21.3%), representing a deliberate and managed reduction aligned to our funding strategy. This movement was driven by the Society's conscious decision to optimise liquidity levels post exit of the TFSME funding scheme and being enabled to utilise Bank of England facilities, should market conditions require.</p> <p>Retail savings and deposits continued to form the predominant source of funding for the Society's lending activities, complemented by £3m of wholesale funding from the Bank of England (2024: £26m). This mix of stable retail funding and flexible wholesale capacity supports a strong and diversified funding base.</p> <p>Liquidity requirements are reviewed continuously by the Board, and formally through the annual Individual Liquidity Adequacy Assessment Process (ILAAP).</p>
<p style="text-align: center;">Capital</p>	<p>Capital is a key measure of financial strength, representing the Society's ability to absorb financial stresses and protect members' interests.</p>
 <p style="text-align: center;">Capital</p>	<p>The Society's gross capital ratio stands at 9.7% (2024: 9.2%). Free capital is 9.2% (8.7% in 2024).</p> <p>Over 98% of capital consists of retained earnings accumulated over many years. This is classified as 'Tier 1 Capital' and is considered the highest quality of capital by our regulators. The remainder of the balance comprises a revaluation reserve and collective loan loss provisions.</p> <p>The Society's Core Equity Tier 1 ratio (CET1) was 22.9% at 31 December 2025 (23.5% in 2024), which exceeds the regulatory requirement.</p>

<p>Net Interest Income</p>	<p>Net interest income is the difference between the interest received on mortgages and liquidity and the interest paid on deposits and other funding. The Board manages the net interest income margins by balancing the risks and reward of funding and mortgage rates whilst remaining competitive and providing value for money to our members.</p>								
<p>Net interest income</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Net interest income (%)</th> </tr> </thead> <tbody> <tr> <td>FY 23</td> <td>1.98%</td> </tr> <tr> <td>FY 24</td> <td>1.80%</td> </tr> <tr> <td>FY 25</td> <td>2.00%</td> </tr> </tbody> </table>	Fiscal Year	Net interest income (%)	FY 23	1.98%	FY 24	1.80%	FY 25	2.00%	<p>The Society generated £7.0m total income in 2025, broadly flat on 2024. Total income comprises net interest income and other items such as net fees, commissions and other operating income. Net interest income increased by 6% to £7.1m, reflecting management actions to optimise the structure of the balance sheet and refine product pricing, supporting a return to a more sustainable margin that enables continued investment in the business.</p> <p>As a result, the net interest margin, expressed as net interest income as a percentage of average total assets, increased to 2.00% (2024: 1.80%). This improvement demonstrates the benefits of work undertaken to strengthen margin discipline and rebalance the mix of funding and lending following a period of elevated interest rate volatility. Maintaining a resilient and sustainable net interest margin remains essential to supporting our long-term strategic objectives, including planned investment in technology, enhanced member services, and sustainable balance-sheet growth.</p>
Fiscal Year	Net interest income (%)								
FY 23	1.98%								
FY 24	1.80%								
FY 25	2.00%								
<p>Management expenses</p>	<p>The management expense ratio is a key measure of the efficiency of our cost base, calculating management expenses as a proportion of mean total assets.</p>								
<p>Management expense ratio</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Management expense ratio (%)</th> </tr> </thead> <tbody> <tr> <td>FY 23</td> <td>1.58%</td> </tr> <tr> <td>FY 24</td> <td>1.67%</td> </tr> <tr> <td>FY 25</td> <td>1.77%</td> </tr> </tbody> </table>	Fiscal Year	Management expense ratio (%)	FY 23	1.58%	FY 24	1.67%	FY 25	1.77%	<p>In 2025, the management expense ratio increased to 1.77% (2024: 1.67%). Total management expenses were £6.3m (2024: £6.2m), representing a modest 2% increase year-on-year. This reflects disciplined cost control in an environment where inflation, though easing continued to place upward pressure on both staff and technology-related costs.</p> <p>Investment in our people and operational resilience remained a priority throughout the year. We continued to strengthen our teams with targeted hires to enhance capacity, reduce key person risk, and support delivery of our strategic change agenda. We also continued to invest in core systems and technology to underpin long-term efficiency and improve service to members.</p> <p>The Society's cost-income ratio increased to 89% (2024: 88%). This movement reflects the combined effects of a slightly higher cost base and flat total income for the year. As our strategic programmes progress, the foundations being laid in capability, systems, and processes are expected to support improved long-term productivity.</p>
Fiscal Year	Management expense ratio (%)								
FY 23	1.58%								
FY 24	1.67%								
FY 25	1.77%								
<p>Profitability</p>	<p>Our strategy is to generate profits that allow us to maintain our capital strength whilst also delivering value to our members by providing competitive mortgages and savings products.</p>								
<p>Profit before tax (PBT) (£)</p> <table border="1"> <thead> <tr> <th>Fiscal Year</th> <th>Profit before tax (£)</th> </tr> </thead> <tbody> <tr> <td>FY 23</td> <td>1.3</td> </tr> <tr> <td>FY 24</td> <td>0.9</td> </tr> <tr> <td>FY 25</td> <td>0.5</td> </tr> </tbody> </table>	Fiscal Year	Profit before tax (£)	FY 23	1.3	FY 24	0.9	FY 25	0.5	<p>In 2025, the Society achieved a profit before tax of £0.5m (2024: £0.9m). While improvements in net interest margins and disciplined cost control provided underlying support to earnings, a single one-off impairment charge was the primary driver of the year-on-year reduction in profitability. Profit after tax as a mean percentage of total assets decreased to 0.10% (2024: 0.17%).</p> <p>Looking forward, profits are expected to remain pressured and modest as the cost of delivering the Society's multi-year transformation programme flows through the income statement. These investments are intentional and designed to enhance long-term financial strength, improve the member experience, and support sustainable future growth.</p>
Fiscal Year	Profit before tax (£)								
FY 23	1.3								
FY 24	0.9								
FY 25	0.5								

The mortgage book remains of high quality, with an overall indexed loan-to-value of 55% and around 15% of balances with an indexed loan to value of 80% or more. Owner Occupied (78%), Buy to Let Investors (21%) and Commercial (1%) made up our mortgage book in 2025.

All loans are individually underwritten by a team of experienced underwriters, who adhere to a lending policy agreed by the Board. Responsible lending and affordability are the key criteria when making a lending decision. The Board understands that the personal and financial circumstances of our borrowers can change over time. When this happens, our borrowers benefit from our policy to exercise as much forbearance as is reasonably possible.

Loan impairment provisions increased to 0.19% of total mortgages in 2025 (2024: 0.10%), driven largely by a single specific case. Despite this movement, overall provisions remain low by industry standards and continue to reflect the quality and resilience of the Society's mortgage portfolio.

Future Outlook

The last few years have underlined for everyone the pace at which the world is changing. The Board's annual strategic review regularly considers how the Society needs to evolve in order to keep meeting the needs of our members sustainably over the long-term. While macro-economic uncertainty has become the new norm, our longer-term mission is clear:



Precise about our place: This dimension of the strategy is about realising a distinctive brand and reputation in both savings and mortgage markets for the products and services that the Society has competitive strength. Our energies will cement that distinctive reputation through product innovation and subject matter expertise that works in tandem with service enhancements driven through investments in new technologies and corresponding process changes.



Embracing technologies to transform our business: This dimension will enable the Society to embrace technologies that complement our very personalised approach to service. This includes an upgrade to our core IT systems and the provision of new digital services, without losing the straight-forward accessibility that our members and brokers value. These changes will preserve our product and service offering into the future, while staying true to the needs of members over the long-term.



Empowering our people for our long-term sustainability: Our people will propel the business forward by living our Society Values every day. As the business looks to the future, we will invest in personal development, well-being and inclusion for all colleagues, mobilising a Society skills programme that will accelerate colleague personal development and deepen the capabilities essential for the Society over the long-term.

Fit For Future: We will advance all of this work through a programme we are calling "Fit For Future" – a multi-year investment in technology, process change and our people, to significantly strengthen our member proposition, and underpin our long-term sustainability,



Principal Risks and Uncertainties

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

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

Strategic Risk covers the risk and uncertainty that threatens the execution of the Society strategy.	
Management & Mitigation	The Board approves the strategic direction of the Society, regularly discusses strategic issues and makes decisions aimed at delivering that strategy with long-term sustainability, capital and liquidity strength, financial and operational resilience in mind. External indicators around operating environment and macroeconomy are regularly considered through the lens of the annually defined strategic objectives to identify threats to their delivery.
2025 risk status	The Society redefines its strategic priorities each year, and during 2025 there was focus on establishing the Society Transformation Committee, improvements in process efficiency for savings members and evolving our mortgage proposition to serve the changing needs of members and brokers. The Board and Risk Committee monitored the risk profile of these changes throughout the year, providing oversight and recommendations to ensure a risk-managed implementation. The competitive landscape across mortgages and savings presented challenges throughout the year, which were navigated to end the year, achieving majority of the strategic objectives whilst delivering the underlying financial plan.
Horizon risks	The progress of the multi-year business transformation project (including core banking systems), will underpin the continued evolution of the member proposition to ensure the Society is excellently placed to meet the needs of members into the future. A significant change project presents uncertainty, and the Society has taken a range of mitigating actions in preparation, to ensure core services are maintained whilst change risks are managed effectively. The Society Transformation Committee oversees the project, including monitoring the status against the project specific risk assessment to ensure agile change disciplines are a fundamental part of the programme. Along with the Chief Risk Officer, this Committee includes a Non-Executive Director and Internal Audit attendance to facilitate independent challenge and provide assurance to the Board on project risks.

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

Management & Mitigation

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

2025 risk status

The mortgage and savings market activity was more stable versus 2024 but remained extremely competitive. As inflationary pressures eased, albeit with some fluctuations, interest rates were reduced through three small base rate changes in 2025. We responded to market pressures and opportunities, enhancing our proposition for under-served markets and optimising the mix of business on both sides of the balance sheet. We maintained our focus on service and delivery of good outcomes to our members and improved underlying profitability to support ongoing investment in our proposition for members into the long term.

Horizon risks

In 2026, despite improvement in some parts of the UK economy, uncertainties remain and are expected to continue impacting affordability and ability to save. But we will strive to deliver borrowing and savings solutions to under-served markets, whilst maintaining prudential strength.

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

Management & Mitigation

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

2025 risk status

Interest rate, funding and liquidity risk were managed within risk appetites. The Society completed its full repayment of TFSME ahead of the maturity date in 2025. We continued to manage a number of retail bond maturities during 2025, supported by the option to renew via digital channel options when offering retention products, with positive outcomes from both a liquidity and member perspective despite the volatile market conditions and competitive operating environment.

Horizon risks

Interest rates are projected to fall further in 2026 following the reductions in 2025, with competition for funding expected to continue to influence liquidity and funding risk, where effective management of these risks facilitates the delivery of the Society's lending strategy and maintenance of net interest margin. The established risk managed framework will continue to monitor the landscape to ensure we operate within the defined risk appetite.

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

Management & Mitigation

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

2025 risk status

We have sustained our continuous improvement approach to portfolio management information to aid understanding of future risks in the context of macroeconomic uncertainty and a varied portfolio of mortgage assets. If the personal circumstances of borrower's change, the Society applies our Arrears and Forbearance Policy to work proactively with borrowers to seek arrangements to enable them to resolve their difficulties. Following an increase in arrears in 2024, from the lagged influence of inflation and the interest rate environment, levels reduced during 2025. The Society has set aside a higher amount of impairment loss provisions against its mortgage assets at the end of 2025, to provide effectively for a single lending case where we expect to realise a loss in 2026. The overall provision for credit losses remains within Board risk appetite.

Horizon risks

In 2026 we expect to continue to support borrowers experiencing financial difficulties but, whilst

uncertainty remains, we will seek mutually sustainable solutions to continue the reduction in arrears. We continue to evolve the processes and resources to manage potential arrears with monitoring via Credit Committee and Risk Committee. We remain firm in our commitment to lend and expand our proposition to under-served parts of the market, in tandem with specialist risk management capability. The Board has set a risk appetite designed to minimise losses by targeting a balanced portfolio of assets that match the expertise and experience of underwriters.

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

Management & Mitigation

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

2025 risk status

During 2025, we delivered on a key regulatory milestone around operational resilience (demonstrating we can operate our important services within an acceptable tolerance if things go wrong), matured our Consumer Duty outcomes monitoring, reviewed all our core third-party relationships and actively monitored risks in relation to both IT and People. These risks and reports are overseen by the Operational Risk Committee (“ORC”), with risk management models established for the ‘Fit For Future’ programme with its outputs being reported to Risk Committee via the Society Transformation Committee (“STC”).

Horizon risks

Oversight of ORC, STC and the Risk Committee focus on the operational risks associated with the transformation programme in conjunction with delivery of the day-to-day operations in serving our members, ongoing vigilant monitoring of cyber and financial crime risks (including how AI impacts these risks) and continuing to invest in our colleagues and their capabilities.

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

As the Society is not listed on a Stock Exchange, we are not obliged to meet the requirements of the Taskforce on Climate Related Financial Disclosures (TCFD), which are now an adopted part of the Internal Financial Reporting Standards (IFRS) under Sustainability Standards S1 (general requirements) and S2 (Climate-related disclosures). However, the Board recognises the importance of playing the part in tackling climate change and so have chosen to provide proportionate disclosures with the principles of those standards in mind.

Strategy:

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

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

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

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

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

To assess the resilience of our strategy we have periodically partnered with third-party experts to obtain data in relation to physical and transitional risks in our mortgage book, to supplement any data we have collected ourselves. The data focusses on flood, subsidence, coastal erosion and energy efficiency. We carried out our own analysis of climate change risk in our Internal Capital Adequacy Assessment Process (ICAAP), utilising the granular property risk data, our own Probability of Default estimates and severe stress tests. This concluded that £130k of capital allocation for climate change risk (0.4% of reserves) was required. A degree of climate change risk is already accounted for in the Society’s business as usual models and calculations.

Climate Change Governance:

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

Risk Management:

Climate change risk management is integrated into the wider risk management framework which is characterised by a traditional three lines model. Furthermore, the Risk and Compliance team lead the review of our climate change related metrics and reporting annually as part of the Risk Management Framework and Appetite Statement.

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

2025 risk status	<p>During 2025 we reduced our Scope 2 emissions by 64% and kept scope 1 stable (following a 15.6% year on year reduction in 2024). This progress was underpinned by the work done in 2023 where we upgraded our head office lighting to improve efficiency and reduce carbon footprint. This improved the EPC rating for our building from a D to a B. Furthermore, we continue to actively update contact preference for our members with the intent to improve our member reach whilst reducing paper and postal service usage.</p> <p>Our periodic desk-based business continuity testing has included climate change scenarios, which provided assurance that we could continue to offer important business services within impact tolerances (for example, putting in place plans to serve our members in a flood event that impacted access to our branch and head office).</p>
Metrics	<p>We use a series of metrics to assess climate change risks and opportunities, including:</p> <ul style="list-style-type: none">• Capital required for physical and transitional climate risks.• EPC profile on new mortgaged properties and existing mortgaged properties.• Profile of properties insurable on normal terms.• Head office emissions.
Horizon risks	<p>We have set out the following priority actions for 2026 to continuously improve our approach:</p> <ul style="list-style-type: none">• Continue transition towards best practice regulatory aligned climate change disclosures.• Revise Climate Change Strategy each year to remain fresh and aligned to overall Society Strategy.• Design products for mortgages, further advances, retention products and savings products that give members options and support them with their energy efficiency needs or that align with their investment preferences.• Continue to increase digital comms and reduce our paper and postal usage where it aligns with members preferences• Investigate local ESG initiatives to make a difference in our community.

Governance

Board

We have an experienced and diverse Board with a strong balance of skills, experience and knowledge. Information on the Board of Directors is on pages 15 to 17. The Board is supported by the Audit Committee, Risk Committee, Assets and Liabilities Committee, Nomination Committee and Remuneration Committee with clearly defined roles and responsibilities. The Board and the Committees provide an effective governance structure, further details on which are in the Corporate Governance Report on pages 18 to 22.

Going Concern statement

As at the end of 2025 the Society had met its liquidity requirements, held a liquidity buffer and the overall level of capital is considered adequate. Both the liquidity and capital positions have been stress tested against a significant worsening of economic conditions. The stress tests were performed as part of the internal assessment of adequacy of capital and liquidity. The key elements assessed by the Directors in the stress testing include a material decline in house prices, rising arrears and default rates, availability and cost of funding sources and declining margins from interest rates at continuing low levels. These scenarios show the Society maintains a capital surplus above regulatory requirements over a five-year planning horizon and maintains sufficient liquidity to manage a stress scenario over a twelve-month period. Having considered the above, the Directors are satisfied that the Society has adequate resources to continue in business for the foreseeable future and that there are no material uncertainties that lead to doubt on the Society's ability to continue in business. For this reason, the accounts continue to be prepared on a going concern basis.

Post-balance sheet events

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

Land and buildings

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

Supplier statement policy

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

Charitable and Political Donations

Charitable donations during the year amounted to £31k (2024: £25k). The Directors confirm that no activities have been carried out during the year, which are outside the powers of the Society. No political donations have been made during 2025 (2024: Nil) which require disclosure under the Act.

Regulation

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

Auditors

At the AGM held on 24 April 2025, Forvis Mazars LLP was re-appointed as External Auditor to the Society. Forvis Mazars LLP has expressed its willingness to continue in office in accordance with Section 77 of the Building Societies Act 1986. A resolution for re-appointment of Forvis Mazars LLP as Auditor is proposed at the AGM on 23 April 2026.

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

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

Dick Jenkins, Chair

4 March 2026

Board of Directors

Richard David Jenkins | CHAIR



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

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

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

Chair
Board
Nomination
Committee

Member
Assets & Liabilities Committee
Remuneration Committee

Andrew Spencer Lucas | VICE-CHAIR



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

Andy started his career in marketing and sales and much of his experience has been centred on financial services, particularly savings & investments, mortgages, and insurance. He has managed eCommerce developments for over 20 years and led product, customer service, change management and technology operations. After senior roles at Prudential and ACE Insurance Group, Andy became the Director and Chief Operating Officer at The Cambridge Building Society, where he worked for over 9 years.

Andy is a member of The Chartered Institute of Marketing and is also a non-executive director of Cirencester Friendly Society and First Conference Estate Limited and the Chair of The Christian Conference Trust.

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

**Vice Chair & Senior
Independent Director**
Board

Member
Risk Committee
Remuneration Committee
Nomination Committee

Joanne Frances Carter | NON-EXECUTIVE DIRECTOR



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

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

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

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

Chair
Remuneration
Committee

Member
Risk Committee
Nomination Committee

Board of Directors continued

Kevin Alexander Gray | NON-EXECUTIVE DIRECTOR



Kevin Gray joined the Board as a Non-Executive Director in January 2026.

His early career included service as an engineering officer in the Royal Navy, followed by several years in the audit practice of a major accountancy firm. Kevin went on to spend more than 25 years at Bath Building Society, progressing from Society Secretary to Finance Director and ultimately serving six successful years as Chief Executive. Kevin holds a degree in Electrical and Electronic Engineering from the University of Edinburgh and is a Fellow of the Institute of Chartered Accountants.

Kevin is keen walker, skier and (high handicap) golfer. His personal interests include sea angling, vegetable gardening and supporting Bath Rugby.

Notified Non-Executive Director **Member**
Audit Committee
Assets & Liabilities Committee
Nomination Committee

Christopher William Potter | NON-EXECUTIVE DIRECTOR



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

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

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

Chair **Member**
Audit Committee Risk Committee
Nomination Committee

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

Rebecca McBride | NON-EXECUTIVE DIRECTOR



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

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

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

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

Board of Directors continued

Daniel Mark Wass | CEO



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

Dan has over 20 years' experience in Financial Services, most recently as Director of Member Propositions, Banking, Insurance and Investments at Nationwide - leading through a period of record membership growth. Prior to that, he spent over 15 years at Barclays undertaking a variety of senior roles in the UK Bank. He started his career in Financial Services at the Woolwich.

A graduate in Geography from the University of Leeds, Dan enjoys the outdoors - particularly running and cycling, and live music. He is married with two sons.

Chief Executive Officer **Member**
Nomination Committee

Chair
Assets & Liabilities
Committee

Scott Robert Morton | FINANCE DIRECTOR



Scott Morton joined the Board in September 2023.

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

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

Finance Director **Member**
Assets & Liabilities Committee
Nomination Committee

Corporate Governance Report

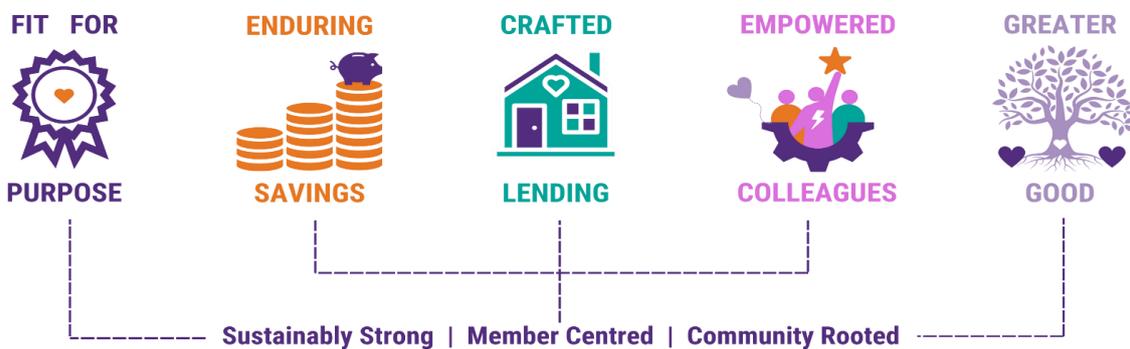
The 2018 Corporate Governance Code was updated by the Financial Reporting Council (the “FRC”) in January 2024. The 2024 Corporate Governance Code (the Code) has applied since 1 January 2025, with Provision 29 becoming applicable from 1 January 2026. The Code sets the principles for good governance and emphasises the importance of a clear purpose and strategy for the long-term sustainable success of an organisation.

Whilst the Society is not required to comply with the Code, as it is not a listed company, the Prudential Regulation Authority (PRA) requires the Society to have regard to the Code in establishing and reviewing its corporate governance arrangements. The Code offers flexibility through ‘comply or explain’ reporting against the Provisions, focussing on activities and outcomes.



Board Leadership and Purpose

The Board of Directors of the Society focusses on long-term sustainability and resilience in setting the strategy of the Society to deliver on its fundamental purpose “...to help people achieve financial security, provide a safe home for savings and enable home ownership”. The **five strategic pillars** collectively enable the achievement of the Society’s long-term Strategy:



The Board has identified three enabling dimensions for our Strategy, being **Place, Technology, and Skills**, to secure a path to our next phase of growth. The Society is entering a transformative period and to navigate it effectively, the Board has decided to invest in technology, business processes, and organisational capabilities through a proportionately scoped and resourced **Fit For Future Transformation programme** to define “**The Bucks Way**” to enable the next phase of growth and sustainability. More detail on the Society’s purpose, values and strategy is set out in the **Directors’ Report**.

The Board has led the embedding of the Society’s values of **Members First, Excellence, Respect, Accountability and Togetherness** through the year, as they continue to positively shape and define the culture of the Society in the pursuit of good outcomes for our members and long-term sustainability of the Society. The 2025 Colleague Survey feedback saw 98% of respondents agreeing that they understand and feel aligned with the Society’s Values. In addition understanding of the Society’s Purpose Strategy and Transformation Agenda got strong positive feedback from our colleagues.



The Board promotes an inclusive environment in which colleagues feel empowered to speak up and contribute to both personal and organisational goals. Engagement, development and wellbeing remain key priorities, supported through policies designed to recruit, retain and develop colleagues effectively. **Andy Lucas**, the Senior Independent Director, acts as the **Whistleblowing Champion** and oversees the Society’s whistleblowing arrangements. Colleague engagement is supported through annual colleague surveys, engagement groups, social events and initiatives such as “lunch with the Board.” The Board also actively engages with **Bucks Voice**, our colleague forum focussing on active engagement, wellbeing and development under guidance from Jo Carter, our **Designated NED for Colleague Engagement**.

The Society’s governance framework is supported by the Board and the management ensuring comprehensive oversight and alignment with strategic objectives and risk management. Keeping the longer-term outcomes in focus, the Board has set key strategic priorities inter-locked with the **Fit for Future Transformation Programme** and objective performance metrics to allow assessment of the Society’s progress against a range of financial and non-financial performance objectives. The Board and its Committees receive comprehensive reporting and management information to aid in its discussions and decision making. The

matters delegated to the **Board and its Committees** are tracked through the Society's annual calendar of agenda items and their Terms of Reference.

Board				
Audit	Risk	Assets & Liabilities	Remuneration	Nomination
<ul style="list-style-type: none"> Systems and controls Financial information Annual Report & Accounts External auditors Internal auditors Compliance assurance Accounting policies Whistleblowing arrangements 	<ul style="list-style-type: none"> Risk management framework Risk Management Framework & Appetite Statement Internal Capital Adequacy Assessment Process (ICAAP) Operational Resilience Self-Assessment Risk Management Policies Emerging & strategic risk, credit/ assets & liabilities/ operational/ Transformation/climate risks 	<ul style="list-style-type: none"> Balance sheet management Treasury activities, including funding, liquidity, interest rate risk basis risk and refinancing risk Financial risk and control procedures Recovery Plan, Internal Liquidity Adequacy Assessment Process (ILAAP) 	<ul style="list-style-type: none"> Remuneration Policy Reward & remuneration arrangements for the Board and colleagues Terms & conditions of employment of the Executive Directors and recommendation of the Non-Executive Directors' fees to the Board Directors' Remuneration Report elaborate further on the work of this Committee 	<ul style="list-style-type: none"> Succession planning Board & Committee composition Inclusion and Diversity Strategy Board and Committee Effectiveness Review Chair & NED review Management Responsibility Map Corporate Governance Report

The Board and its Committees draw assurance from the Executive Committee (ExCo), a management committee of the CEO and formed by the senior management team. The ExCo is supported by four key management committees, each with their defined roles and responsibilities.

ExCo			
Management Assets & Liabilities	Credit	Operational Risk	Society Transformation

As a mutual organisation, the Society's membership is made up entirely of its customers, and the Board places strong emphasis on effective member engagement. Communication takes place across multiple channels to gather feedback and ensure good outcomes for members. The Board continues to monitor detailed reporting on consumer understanding, products and services, support, and price and value. The Society engages with members in person at the branch, through monthly member newsletters, social media, website and feedback surveys. The AGM provides another opportunity for member engagement where members can pose questions, provide feedback and express their views on the Society's performance. Members are also invited to vote for a charity of their choice at the AGM, to which the Society makes a financial contribution. The Board reviewed a **Member Voice Report** with feedback from our members, brokers, community partners and the charities we support into a single, detailed report reinforcing the trust that our members have in us, the personal customer service they value and appreciation of the choice in how they want to interact across a range of channels.



Division of Responsibilities

There is a clear division of responsibilities between the roles of Chair and CEO. Dick Jenkins, an independent Non-Executive Director, serves as **Chair** and is responsible for leading the Board and ensuring its effectiveness. Dan Wass, as **CEO**, is accountable for managing the Society's performance and delivering the strategy through defined priorities. The Chair drives the Board and Committee Performance reviews, identifying areas for improvement and actions to strengthen the governance framework. He also reviews the performance of all the Directors at least on an annual basis. The Chair is ably supported by Andy

Lucas, **Vice Chair and Senior Independent Director**, who provides a sounding board for the Chair and also sits on the Society Transformation Committee as the **Board Champion for Fit For Future Transformation**. The review of the Chair's performance led independently by the Senior Independent Director in 2025 concluded that the Chair fosters a culture of openness and inclusivity by encouraging contributions from all the Non-Executive Directors and maintaining strong relationships between Executive and Non-Executive Directors. Performance of the Executive Directors are assessed against their pre-determined objectives and feedback provided on areas of improvement.

The Board comprises of six Non-Executive Directors, who are considered independent under the relevant provisions of the Code and two Executive Directors, ensuring a clear **majority of non-executive directors** on the Board. Non-Executive Directors bring valuable industry and external market expertise, contributing insights across areas such as finance, treasury management, member engagement, organisational transformation, regulatory developments, people, cyber risk, and information technology. Information about their background and skills are on our **Board of Directors Report**. The Nomination Committee evaluates whether Directors can commit the necessary time to their roles at the point of appointment, with Non-Executive Directors being informed of **expected time commitments** in their appointment letters. Directors may only take on additional external roles with Board approval, and Executive Directors do not hold external executive positions. Details of any significant external commitments are provided on **Other Directorships of Board Members Report**. The Board met eight times in 2025, in addition to meetings of the committees as detailed below along with a dedicated Strategy Day focussing on reviewing and refreshing the Society's strategy and financial plan.

2025 Board and Committees - Membership and Attendance

Total number of meetings held in 2025	Board (8)	ALCO (4)	Audit Committee (4)	Risk Committee (4)	Nomination Committee (4)	Remuneration Committee (3)
Non-Executive Directors						
Dick Jenkins	8 (8) 	4 (4) 	-	-	4 (4) 	3 (3) 
Eric Leenders	3 (3) 	-	1 (1) 	1 (1) 	1 (1) 	-
Jo Carter	8 (8) 	4 (4) 	4 (4) 	-	4 (4) 	3 (3) 
Andy Lucas	8 (8) 	4 (4) 	-	4 (4) 	4 (4) 	3 (3) 
Rebecca McBride	7 (8) 	4 (4) 	3 (4) 	4 (4) 	3 (4) 	-
Chris Potter	8 (8) 	-	4 (4) 	4 (4) 	4 (4) 	-
Executive Directors						
Dan Wass Chief Executive Officer	8 (8) 	4 (4) 	4 (4) 	4 (4) 	4 (4) 	3 (3) 
Scott Morton Finance Director	8 (8) 	4 (4) 	4 (4) 	4 (4) 	4 (4) 	3 (3) 

 Chair  Member  Attendee

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

The Board is supported by a robust governance framework led by the Society Secretary, who ensures that Non-Executive Directors receive clear, concise and timely information and provides advice on corporate governance matters. The Board also has access to independent advice when required. An annual comprehensive programme of policy reviews ensures that governance processes remain current and fit for purpose. Positive feedback from the recent Board Performance reviews highlights how the improvements made in scheduling, agenda planning and the balance between strategic and performance discussions and reporting have made significant improvement. In 2025, the Society made further progress in enhancing and aligning management information to the strategic pillars, strengthening the visibility of outcomes and improving continuous tracking of priority areas.



Composition, Succession and Evaluation

The Nomination Committee oversees the appointment process for Board and senior management roles, ensuring that all candidates are selected through a rigorous and transparent process. The Nomination Committee ensures that all appointments meet the PRA and FCA fitness and propriety standards and demonstrate the capability required under the **Senior Managers & Certification Regime**. In 2025, the Nomination Committee engaged Taylor Harrison, an external and independent search consultancy (with no connection with the Society or individual directors) for the search of a new Notified NED and after a formal, rigorous and transparent process, appointed Kevin Gray who joined the Board from January 2026. The Committee continues to

play a key role in succession planning, retention, and leadership development, ensuring smooth transitions through structured induction and handover processes. All new Directors receive a tailored induction, and the training and development needs of each Director are reviewed annually as part of the performance evaluation process. Ongoing learning is supported through a programme of training sessions covering sector-relevant topics.

The Nomination Committee evaluates the composition, diversity and effectiveness of the Board and its Committees every year to ensure they remain well-positioned to deliver the Society’s strategic objectives. They also undertake an annual review of Committee memberships and their terms of reference to ensure each Committee has the appropriate balance of skills and experience. The Board skills matrix is also regularly assessed to identify and address any skills gaps through training or new appointments. Annual reviews of the wider organisational structure also help ensure alignment with strategic objectives and support a high-performing culture. In line with its commitment to inclusion and diversity, the Nomination Committee advocates the **Society’s Inclusion and Diversity Strategy** and continues to oversee its implementation across the organisation. Board membership is reviewed on an ongoing basis, with a general maximum tenure of nine years for Non-Executive Directors. The Nomination Committee considers candidates for re-election based on independence, capability, time commitment, and tenure. Under the Society’s Rules, all newly appointed Directors stand for election at the next AGM while the existing directors offer themselves for periodic re-election in compliance with the Rules of the Society. In 2026 Kevin Gray will stand for election while Dan Wass and Jo Carter will stand for re-election at the AGM.

An externally facilitated Board Performance Review was last conducted in 2022. The Board recognises the importance of having a formal and rigorous performance of the Board in accordance with the Code and considering the size of the Society has decided to have an external review every five years. In the meanwhile the Board will continue to undertake regular internally facilitated reviews. The **2025 Board Performance Review** concluded that the Board benefits from a strong mix of skills, experience and diversity of thought, supporting cohesive decision-making and constructive challenge within a collaborative and inclusive culture.



Audit, Risk and Internal Control

The Audit Committee oversees and assesses the suitability and effectiveness of both the external and internal auditors, including reviewing their internal quality controls and procedures. The Committee comprises of three independent Non-Executive directors, and is chaired by Chris Potter with substantial financial acumen and experience. The Committee meets at least four times a year, with representatives from the senior management, and Forvis Mazars LLP, our external auditors and RSM, our internal auditors. Further assurance is provided through second-line reviews, giving the Audit Committee and the Board confidence in the strength and effectiveness of the Society’s overall control framework. Details of the Committee’s oversight of auditor independence, audit effectiveness, the integrity of financial and narrative reporting and all relevant matters set out in the Audit Committees and the External Audit: Minimum Standard are set out in the **Audit Committee Report**. The Audit Committee has advised the Board that the 2025 Annual Report and Accounts present a true, fair and balanced view of the Society’s position and prospects. The Directors’ responsibilities for preparing the Annual Report, Annual Business Statement, Directors’ Report, and Annual Accounts are outlined in the **Statement of Directors’ Responsibilities Statement** and the **Directors’ Report** confirms that the Society continues to be regarded as a going concern. The Board confirms that the Annual Report and Accounts, taken as a whole, provide a fair and comprehensive overview of the Society’s business model, strategic direction, and performance, in line with applicable legislation, regulatory expectations, and accounting standards.

The Board holds overall responsibility for defining the Society’s risk appetite and ensuring that risk management aligns with strategic objectives. The Board under the advice from the Risk Committee and Audit Committee has the ultimate responsibility for oversight of and monitoring the risk management framework and internal controls, covering all material controls, including financial, operational, reporting and compliance controls.

The Board, drawing on reports from both the Risk Committee and the Audit Committee, is confident that the Society’s risk management and internal control frameworks are effective and sufficient. They also believe the organisation maintains a strong and transparent compliance culture. Details of the principal risks faced by the Society, along with how these risks are mitigated, are set out in the **Directors’ Report**.





Remuneration

The **Directors' Remuneration Report** explains how the Society complies with the Corporate Governance Code Principles relating to remuneration.



Corporate Governance Statement

During the year 2025, and up to the date of this report, the **Board considers that it has complied with all the provisions of the 2024 Corporate Governance Code (other than Provision 29 which applies to financial years starting from or after 1 January 2026) except for the following:**

Code Requirement	Society Position	Explanation
All directors, being subject to annual re-election	Not less than one-third of our Directors or all those of the other Directors who have not been elected or re-elected at either of the last 2 AGMs offer themselves for re-election every year.	The Society's position is compliant with Building Societies Act 1986, & Model Rules for Building Societies and a pragmatic approach for continuity and stability of the Board of a small mutual Society.

The Corporate Governance Report should be read with other parts of the Annual Report and Accounts and complementary information in the **Chair Update, the CEO Report, the Directors Report, the Audit Committee Report and the Directors' Remuneration Report**, in order to assess the quality of the Society's governance arrangements and the Board's contributions. The Company's disclosures on its application of the can be found on the following pages:

Code Disclosures		References in the Annual Report	Page Nos.
	Board leadership and Company Purpose	Chair update CEO update Directors Report Corporate Governance Report	3 5 6-14 18-19
	Division of responsibilities	Directors Report Other Directorships of Board Members Report Corporate Governance Report	6-14 34 19-20
	Composition, succession and evaluation	Chair update Board of Directors Corporate Governance Report	3 15-17 20-21
	Audit, risk and internal control	Directors Report Statement of Directors' Responsibilities Statement Audit Committee Report Corporate Governance Report	6-14 25 26 21
	Remuneration	Directors' Remuneration report	23-24

Dick Jenkins
Chair

4 March 2026

Directors' Remuneration Report

This Report explains how the Society applies the UK Corporate Governance Code 2024 and relevant regulations of the Remuneration Part of the PRA Rulebook and the FCA's Remuneration Code (SYSC 19D). Although member vote on Directors' Remuneration Report is not binding, if 20% of the advisory votes are cast against the report, the Remuneration Committee will take steps to address the concerns of the membership and publish an update within six months after the members' meeting.

As at 31 December 2025, Non-Executive Directors, the Executive Directors, members of the Executive Committee and four other members of the senior management were classified as Material Risk Takers (MRTs).



Level & Components of Remuneration

The Remuneration Policies of the Society have been designed to:

- support long-term sustainable success and align with the Society's purpose and values in delivering good outcomes for members;
- recognise skills and experience in a competitive market, ensuring fairness and equity; and
- apply consistent and non-discriminatory practices, underpinned by benchmarking and statutory considerations.

Whilst not currently a legislative requirement for the Society due to our size, the Society reports gender pay information annually to the Remuneration Committee.

Executive Directors	<p>Base Salary</p> <ul style="list-style-type: none"> • Role and responsibilities along with external benchmarking are used to set and review base salary. • Pay increases mirror those of all colleagues unless justified by benchmarking or role changes. • Pay ratio of the Chief Executive Officer and the Finance Director compared to the average colleague salary on full time equivalent basis, as at December 2025 was 3.84 and 2.87 times respectively. <p>Bonus</p> <ul style="list-style-type: none"> • Payment of Bonus is discretionary, non-contractual & governed by the Discretionary Bonus Policy, which is applicable to all colleagues, including Executive Directors. • The decision and amount of bonus payment (up to a maximum of 15% of base pay) is based on the assessment of the financial position of the Society across a range of conditions followed by a review of the Society's performance across the five strategic pillars and individual performance. <p>Benefits</p> <ul style="list-style-type: none"> • Society benefits include a range of non-financial and financial benefits, which are subject to external benchmarking. • Benefits include Life Assurance, Health Cash plan including health checks and for Executive Directors, Private Health Insurance. • Executive Directors have access to the same pension scheme as colleagues. The Society pension scheme allows for a maximum Society contribution of 10% of base salary annually. • The Society's minimum pension contributions in line with auto-enrolment and the minimum overall contribution rate is 9%. • All colleagues, including Executive Directors have the option of participating in a Salary Sacrifice scheme. Currently 70% of employees participate in the Salary Sacrifice scheme. <p>Contracts</p> <ul style="list-style-type: none"> • The Executive Directors have employment contracts with the Society, providing the terms of their appointment, remuneration and termination, which require giving six months' notice by either party. • The Executive Directors' contracts and the Remuneration Policy allow the Society to apply relevant regulations around deferral, malus adjustment and clawback for specific events. There has been no application of this provision in 2025.
Non-Executive Directors	<ul style="list-style-type: none"> • The Non-Executive Directors have letters of appointment defining the terms and conditions of their appointment, remuneration and termination. • The remuneration for the Non-Executive Directors is aimed to be fair and reflect the time commitment and responsibilities for their roles. • Non-Executive Directors receive fees which are reviewed annually with external benchmarking. In addition, they are reimbursed for their expenses incurred in relation to their roles for the Society. • Non-Executive Directors' fees are not pensionable and Non-Executive Directors do not receive any discretionary bonus or any other benefits.



Determining Remuneration

The Remuneration Committee of the Board consists of three independent Non-Executive Directors. The Chief Executive Officer, the Finance Director and the Head of HR attend by invitation but are not present or involved in the discussion of their own remuneration. The Remuneration Committee reviews the remuneration for Executive Directors at least annually, using the following principles:

Executive Directors	<ul style="list-style-type: none"> Remuneration for Executive Directors is reviewed at least annually, using benchmarking data and reflecting their roles and responsibilities; Variable remuneration for Executive Directors is consistent with the organisation-wide framework; Remuneration decisions do not undermine the independence of the Risk and Compliance function; and Recommendations of the Executive Directors are considered for the remuneration, discretionary bonus and benefits of all other colleagues.
Non-Executive Directors	<ul style="list-style-type: none"> Remuneration for Non-Executive Directors is based on the proposal from the CEO and taking into consideration external benchmarking, role responsibilities and time commitment.



Exercising Independent Judgement and Discretion

The Remuneration Committee:

- reviews the Remuneration Policies at least annually, ensuring the underlying principles and framework remain fit for purpose
- ensures that the Remuneration Policies are aligned with the Society's purpose, values and long-term strategy, Risk Appetite Statement and in cognisance with the macroeconomic environment and existing rules and regulations
- ensures that the policies promote effective risk management, prevent conflicts of interest and drive an inclusive culture that drives the Society's Purpose and Values; and
- considers external benchmarking and takes into account, Society and individual performance, and wider circumstances.

Directors' Remuneration 2025/2024

Non- Executive Directors' Remuneration (Fees and Expenses)	2025 (£000)	2024 (£000)
R Jenkins	44	42
E Leenders (<i>Resigned on 24 April 2025</i>)	9	27
J Carter	29	27
A Lucas	28	27
R McBride	31	29
C Potter	32	31
Total Non-Executive Directors Remuneration	173	183

Executive Directors' Remuneration 2025	Salary £000	2024 Bonus £000	Benefits £000	Employer's Pension Contributions £000	Total £000
D Wass	206	13	5	21*	245
S Morton	148	9	5	15*	177
Total Executive Directors' Remuneration	354	22	10	36	422
Total Non-Executive Directors Remuneration	173	-	-	-	173
Total 2025 Directors' Remuneration	527	22	10	36	595
2024	Salary £000	2023 Bonus £000	Benefits £000	Employer's Pension Contributions £000	Total £000
D Wass	201	26	5	18	250
S Morton	140	12	5	14	171
Total Executive Directors' Remuneration	341	38	10	32	421
Total Non-Executive Directors Remuneration	183	-	-	-	183
Total 2024 Directors' Remuneration	524	38	10	32	604

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

In addition to the amounts paid in the table above, in March 2026, Dan Wass was paid a bonus of £17.6k and Scott Morton was paid a bonus of £10.5k for their performance in 2025.

Statement of Directors' Responsibilities for the year ended 31 December 2025

Directors' Responsibility Statement in respect of the Annual Report, the Annual Business Statement, the Directors' Report and the annual accounts for the year ended 31 December 2025.

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

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

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

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

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

Directors' Responsibility statement for accounting records and internal controls.

In respect of Accounting Records and Internal Controls, the Directors are responsible for ensuring that the Society:

- keeps proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society, in accordance with the Act; and
- takes reasonable care to establish, maintain, document and review such systems of controls as are appropriate to its business in accordance with the rules made by both the Prudential Regulation Authority and the Financial Conduct Authority under the Financial Services and Markets Act 2000.

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Society's website. Legislation in the United Kingdom governing the preparation and dissemination of annual accounts may differ from legislation in other jurisdictions.

The Directors' Responsibility Statement for the year ended 31 December 2025 was approved by the Board of Directors on 4 March 2026.

Dan Wass
Chief Executive Officer

4 March 2026

Audit Committee Report 2025

The Audit Committee (“Committee”) convened four times in 2025. Its composition and responsibilities are detailed in the Corporate Governance Report on page 18-22.

Financial Reporting

The Committee reviewed the Annual Report and Accounts for the year ended 31 December 2025, including statements in respect of internal controls and risk management, key accounting policies and significant financial reporting issues and judgements having regard to the matters reported to by the auditor. Key audit matters for 2025 included Credit Risk (impairment of loans and advances to customers) and Management override of controls (a mandatory significant risk for all entities). While acknowledging the overall level of credit risk remained broadly stable for the Society, the Committee agreed an increase in provisions for impairment losses (due to a single account, which has since redeemed). Differences between management and auditor judgements remained within materiality thresholds. The Committee reviewed the Going Concern Statement and concluded that it is appropriate to adopt the going concern basis of accounting for the 2025 Annual Report and Accounts.

The Committee agreed that the 2025 Annual Report and Accounts, taken as a whole, were fair, balanced and understandable and provided members with the information necessary to understand the Society’s business, strategy and performance and recommended them to the Board for approval.

External Audit

The Committee is responsible for oversight of external audit. Forvis Mazars was re-appointed as external auditor in 2025. The Committee approved the audit strategy and reviewed Forvis Mazars’ recent audit quality improvements as noted by the Financial Reporting Council. Audit fees for the year are disclosed in note 8. Forvis Mazars maintained independence and did not provide any non-audit services to the Society in 2025, other than permissible audit-related non-audit services under the FRC’s Ethical Standard, Section 5.40 and as disclosed in the Accounts and Notes. The Committee has assessed the external audit’s effectiveness and recommended Forvis Mazars’ re-appointment for the coming year.

Internal Audit

The Committee is also responsible for oversight of internal audit. RSM UK Risk Assurance Services LLP (RSM), as internal auditor, completed five audits and one advisory review in 2025. Based on the work carried out during the year, RSM concluded that the Society’s risk management, governance, and internal control framework are adequate and effective, with some further enhancements identified. In terms of culture, RSM concluded that there has been a positive level of engagement by staff and members of the management. Management actions arising from the reviews are either complete or progressing as planned. The Committee approved the 2026 internal audit plan, aligned with the Society’s strategy, Transformation agenda and regulatory priorities. The Committee also assessed the effectiveness of internal audit through ongoing review and engagement.

Compliance Oversight

The Risk and Compliance team provided comprehensive reports on the second line control framework, including assurance outcomes, policy reviews, financial crime, and regulatory updates. The Committee approved the Combined Assurance Plan for 2026–2028, ensuring effective resource allocation to support the Society’s strategic objectives and wider Transformation Programme.

Whistleblowing

No whistleblowing incidents were reported in 2025. Andy Lucas, our Senior Independent Director, serves as Whistleblowing Champion, with the Audit Committee overseeing related policies and arrangements

Chris Potter

Chair of the Audit Committee

Independent Auditor's Report

to the members of Buckinghamshire Building Society

Opinion

We have audited the annual accounts of Buckinghamshire Building Society (the 'Society') for the year ended 31 December 2025 which comprise the Income and Expenditure Account, the Statement of Other Comprehensive Income, the Statement of Financial Position, the Statements of Changes in Members' Interests, the Cash Flow Statement and notes to the Annual Report and Accounts, including a summary of significant accounting policies.

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

In our opinion, the annual accounts:

- give a true and fair view of the state of the Society's affairs as at 31 December 2025 and of the Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Building Societies Act 1986.

Basis for opinion

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

Conclusions relating to going concern

In auditing the annual accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the annual accounts is appropriate.

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

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the annual accounts of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

Key Audit Matter	How our scope addressed this matter
<p>Credit Risk – Allowance for Impairment losses on loans and advances to customers</p> <p>£562k (2024: £283k)</p> <p><i>Refer to note 1 - Accounting policies – Impairment & Critical accounting estimates and judgements, note 12 – Loans and advances to customers, note 13 - Impairment provisions and note 23 – Financial instruments.</i></p> <p>Credit risk is an inherently judgemental area due to the use of subjective assumptions and a high degree of estimation uncertainty in determining the allowance for impairment losses.</p> <p>The Society has limited experience of repossessions and losses on which to base its assessment, resulting in management judgement being required in deriving assumptions to be applied in the assessment for both collective and individual impairment.</p> <p>Our focus areas where we have identified the significant risk of material misstatement due to error for the allowance on impairment include:</p> <ul style="list-style-type: none"> ▪ Judgement in identifying loans that require individual impairment assessments on a timely basis and estimating the collateral valuation. ▪ Estimating the collateral valuation for collective provision loans. ▪ Management judgement is applied when adjusting model-derived probability of defaults (PDs) for collectively assessed borrowers, based on a model calibrated to the Society's portfolio using both historical experience and external credit score data. 	<p>Our audit procedures included, but were not limited to:</p> <p>Controls and risk assessment</p> <ul style="list-style-type: none"> ▪ Assessing the design and implementation and testing the operating effectiveness of the key controls in relation to credit processes (loan origination and approval, loan redemptions, arrears monitoring, governance); ▪ Reviewing the Society's impairment methodology and evaluate whether it complies with accounting requirements; ▪ Performing a loan book stratification-based on risk characteristics including, but not limited to arrears status, forbearance flagging and Loan to Values ('LTV') ratios to identify individual loans which may have unidentified impairments; <p>Our credit risk and property expertise</p> <ul style="list-style-type: none"> ▪ Comparing key assumptions used in the model with the Society's internal empirical data as well as similar lenders including forced sale discount ('FSD'), with the assistance of our own property team, and critically assessing the reasonableness and appropriateness of the assumptions applied by management; ▪ With the assistance of our credit risk specialists, developing an auditor's range estimate of the collective provision using reasonable alternative assumptions relevant to the Society's portfolio; <p>Other test of details</p> <ul style="list-style-type: none"> ▪ Assessing the completeness and accuracy of internal and external data used in the provision model and checking relevance of this data based on our understanding of the Society's portfolio; ▪ Assessing the reasonableness of the individual provision by testing a selection of loans;

	<ul style="list-style-type: none"> ▪ Challenging if any post model adjustments ('PMA') may be required, including evaluating the rationale for removing the PMAs recognised in the prior year; ▪ Performing credit file reviews and assessing the reasonableness of the collateral value on loans subject to individual impairment and on a sample of loans subject to collective impairment to independently assess the appropriateness of the provisioning and engaging our internal property valuation experts in the assessment of the collateral valuation where deemed necessary; ▪ Performing a stand-back assessment of the resulting individual and collective impairment estimates to assess their appropriateness; and ▪ Assessing the adequacy of the Society's disclosures in relation to the degree of estimation uncertainty involved in arriving at the provision for impairment losses on loans and advances to customers. <p>Our observations</p> <p>Based on the audit procedures performed, we found the resulting estimate of the loan impairment provision as at 31 December 2025 to be reasonable and in compliance with FRS 102.</p>
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Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual annual account line items and disclosures and in evaluating the effect of misstatements, both individually and on the annual accounts as a whole. Based on our professional judgement, we determined materiality for the annual accounts as a whole as follows:

Overall materiality	£302k (2024: £302k)
How we determined it	1% of net assets (2024: 1% of net assets)
Rationale for benchmark applied	<p>We consider that net assets is the most appropriate benchmark to use for the Society, whose strategy is to provide mortgages, savings products and other financial services for the mutual benefit of members and customers and not one of profit maximisation.</p> <p>Further, the choice of net assets as a benchmark is supported by the fact that regulatory capital is a key benchmark for management and regulators, where net reserves is an approximation of regulatory capital resources.</p> <p>Materiality was determined during the planning stage of the audit based on forecasted net assets at the year end. As the final net asset position was not significantly different, no revision was deemed necessary.</p>

Performance materiality	<p>Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the annual accounts exceeds materiality for the annual accounts as a whole.</p> <p>Performance materiality of £211k (2024: £212k) was applied in the audit based on 70% of overall materiality (2024: 70%).</p> <p>In determining the performance materiality, we considered a number of factors, including the effectiveness of internal controls and the history of misstatements, and concluded that an amount towards the upper end of our normal range was appropriate.</p>
Reporting threshold	<p>We agreed with the directors that we would report to them misstatements identified during our audit above £9k (2024: £9k) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.</p>

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

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

Other information

The other information comprises the information included in the annual report and accounts, other than the annual accounts and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on the Annual Business Statement and the Directors' Report

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

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the Building Societies Act 1986;
- the information in the Directors' Report for the financial year is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information on which we are not required to report) gives a true representation of the matters in respect of which it is given.

In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' Report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Society; or
- the Society's annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities set out on page 25, the directors are responsible for the preparation of the annual accounts and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the annual accounts

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

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

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

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

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

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

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

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

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

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

A further description of our responsibilities is available on the FRC’s website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the directors on 22 April 2021 to audit the annual accounts for the year ended 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement is five years, covering the years ended 31 December 2021 to 31 December 2025.

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

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

Use of the audit report

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

Greg Simpson (Senior Statutory Auditor) for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU

4 March 2026

Income and Expenditure Account

	Notes	2025 £000	2024 £000
Interest receivable and similar income	2	17,704	20,240
Interest payable and similar charges	3	(10,608)	(13,562)
Net interest income		7,096	6,678
Fees and commissions receivable		38	35
Fees and commissions payable		(108)	(96)
Other operating income		46	44
Net gains/(loss) from derivative financial instruments	4	(25)	349
Change in valuation of investment property	17	-	6
Total net income		7,047	7,016
Administrative expenses	5	(6,164)	(6,067)
Depreciation and amortisation	15, 16	(102)	(104)
Operating profit before provisions		781	845
Impairment provisions (charge)/release	13	(278)	36
Operating profit		503	881
Profit on ordinary activities before tax		503	881
Tax on profit on ordinary activities	10	(143)	(243)
Profit for the financial year		360	638

Statement of Other Comprehensive Income

	Notes	2025 £000	2024 £000
Profit for the financial year		360	638
Gain arising on revaluation of land and buildings	16	-	-
Tax on gain arising on revaluation of land and buildings		-	-
Other comprehensive income		-	-
Total comprehensive income		360	638

The notes on pages 37 to 59 are an integral part of these accounts.

Statement of Financial Position

	Notes	2025 £000	2024 £000
Assets			
Liquid assets			
Cash in hand and balances with Bank of England		39,176	64,133
Loans and advances to credit institutions	11	9,920	6,043
Derivative financial instruments	21	53	396
Loans and advances to customers	12	294,677	286,680
Intangible fixed assets	15	504	70
Tangible fixed assets	16	1,610	1,659
Investment properties	17	876	876
Prepayments and accrued income	9	1,345	930
Total assets		348,161	360,787
Liabilities			
Shares	18	265,706	274,135
Amounts owed to credit institutions	19	3,048	11,804
Amounts owed to other customers	20	46,725	43,376
Derivative financial instruments	21	1,004	156
Other liabilities	22	634	748
Deferred tax liability	14	497	381
Total liabilities		317,614	330,600
Reserves			
General reserve		30,127	29,767
Revaluation reserve		420	420
Total reserves attributable to members of the Society		30,547	30,187
Total reserves and liabilities		348,161	360,787

The notes on pages 37 to 59 are an integral part of these accounts.

The financial statements were approved by the Board of Directors on 4 March 2026 and were signed on its behalf by:

Dick Jenkins
Chair

Chris Potter
Chair of the Audit Committee

Dan Wass
Chief Executive Officer

Statement of Changes in Members' Interests

	Revaluation reserve £000	General reserve £000	Total £000
At 1 January 2024	420	29,129	29,549
Profit for the financial year	-	638	638
Gains arising on revaluation of land and buildings	-	-	-
Tax on gains arising on revaluation of land and buildings	-	-	-
Total comprehensive income	-	638	638
At 31 December 2024	420	29,767	30,187
Profit for the financial year	-	360	360
Gains arising on revaluation of land and buildings	-	-	-
Tax on gains arising on revaluation of land and buildings	-	-	-
Total comprehensive income	-	360	360
At 31 December 2025	420	30,127	30,547

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

The notes on pages 37 to 59 are an integral part of these accounts.

Cash Flow Statement

	Notes	2025 £000	2024 £000
Cash flows from operating activities			
Operating profit for the financial year		503	881
Depreciation and amortisation of fixed assets	15,16	102	104
Losses on disposal of tangible fixed assets		1	-
Valuation of investment property	17	-	(6)
Net fair value losses/(gains) of derivative financial instruments recognised in profit or loss	4	25	(116)
Impairment losses on loans and advances to customers	13	278	(36)
		909	827
Changes in operating assets and liabilities			
Increase in prepayments and accrued income		(408)	(47)
(Decrease)/increase in accruals		(671)	5
Increase/(decrease) in other liabilities		77	(59)
(Increase)/decrease in loans and advances to customers		(7,111)	11,696
Decrease in shares		(7,980)	(9,609)
Decrease in amounts owed to credit institutions		(8,625)	(14,375)
Increase in amounts owed to other customers		3,444	3,344
Decrease in loans and advances to credit institutions		-	2,000
Tax paid		(218)	(93)
Net cash flows from operating activities		(20,583)	(6,311)
Cash flows from investing activities			
Purchase of tangible fixed assets		(15)	(17)
Purchase of intangible fixed assets		(475)	(9)
Expenditure on investment properties		-	-
Net cash flows from investing activities		(556)	(26)
Net decrease in cash and cash equivalents		(21,073)	(6,337)
Cash and cash equivalents at the beginning of the year		70,156	76,493
Cash and cash equivalents at the end of the year		49,083	70,156
Reconciliation to cash at bank and in hand:			
Cash in hand and balances with Bank of England		39,176	64,113
Loans and advances to credit institutions repayable on demand	11	9,907	6,043
Cash and cash equivalents		49,083	70,156

The notes on pages 37 to 59 are an integral part of these accounts.

Notes to the Annual Report and Accounts

1. Accounting policies

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

Basis of preparation

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

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

Going concern

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

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

- Reduction in UK residential property prices by 32%
- Reduction in UK base rate to 0.10%
- Increase in unemployment to 8.2%
- Reduction in value of the Society's own properties by £1m
- The probability of members defaulting on their mortgages increasing by around 1.75 times

The Board considers that these stress tests also included a scenario that was at least as severe as the Bank of England desk-based stress test published in April 2025.

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

Interest receivable

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

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

Fees and commissions

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

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

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

Derivative financial instruments

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

Notes to the Annual Report and Accounts (continued)

1. Accounting policies (continued)

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

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

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

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

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

Corporation tax

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

Deferred tax

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

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

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

Retirement benefits

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

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

Financial assets

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

Loans and receivables

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

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

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

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

Fair value through the income and expenditure account

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

Notes to the Annual Report and Accounts (continued)

1. Accounting policies (continued)

Derecognition

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

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

Impairment

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

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

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

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

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

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

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

Intangible fixed assets

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

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

Tangible fixed assets

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

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

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

Computer hardware	4 years
Office equipment and fixtures	7 years

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

Notes to the Annual Report and Accounts (continued)

1. Accounting policies (continued)

Investment properties

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

Financial liabilities

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

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

Dormant accounts

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

Critical accounting estimates and judgements

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

Impairment losses on loans and advances to customers

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

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

- If forced sale discount applied in our provisioning model increased by 5% the overall provision would increase by £55,140.
- The PD used in the assessment for impairment is dependent on the nature of the loan and the credit score or the arrears severity, if in arrears. If the PD increases by 25%, the collective provision would increase by £44,375.

In recent years, a post-model adjustment has been applied to the Society's collective loan impairment provision to recognise loan impairment that had been incurred but not yet identified. Following review, the Board has concluded that a post-model adjustment is no longer required and therefore no such adjustment has been applied to the collective provision at the balance sheet date (2025: £Nil; 2024: £75k).

Technology Transformation Costs

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

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

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

Notes to the Annual Report and Accounts (continued)

1. Accounting policies (continued)

Effective interest rate (EIR)

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

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

A 2 month increase in the average life profile would result in an increase in the value of loans and advances to customers on the statement of financial position by approximately £389k.

Fair value of derivatives and financial assets

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

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

Property valuation

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

2. Interest receivable and similar income

	2025 £000	2024 £000
On loans fully secured on residential property	15,132	15,191
On other loans	120	134
On other liquid assets	2,273	4,144
On derivative financial instruments	179	771
	17,704	20,240

3. Interest payable and similar charges

	2025 £000	2024 £000
On shares held by individuals	9,289	11,271
On deposits and other borrowings	1,319	2,291
	10,608	13,562

Notes to the Annual Report and Accounts (continued)

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

	2025 £000	2024 £000
Derivatives in designated fair value hedge relationships	(1,027)	(212)
Adjustments to hedged items in fair value hedge relationships	975	320
Derivatives not in fair value hedge relationships	27	241
	(25)	349

The net loss from derivative financial instruments of £25k (2024: gain 349k) represents the net fair value movement on derivative financial instruments that are matching risk exposure on an economic basis.

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

5. Administrative expenses

	2025 £000	2024 £000
Employee costs		
Wages and salaries	3,115	3,081
Social security costs	383	339
Other pension costs	213	188
	3,711	3,608
IT costs and maintenance	1,128	1,147
Other administrative expenses	1,325	1,312
	2,453	2,459
	6,164	6,067

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

	2025 £000	2024 £000
Audit of financial statements	162	156
Audit related assurance services	2	2
	164	158

There were no operating lease charges in 2025 (2024: £Nil).

6. Staff numbers

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

	2025	2024
Full time	44	44
Part time	7	5
	51	49

7. Remuneration of Directors

Directors' remuneration totalled £595k (2024: £604k). Full details are given in the Directors' Remuneration Report on page 24. The Society's Directors are considered to be its key management personnel.

Notes to the Annual Report and Accounts (continued)

8. Transactions with directors, connected persons and related businesses

At 31 December 2025 there were no (2024: £Nil) outstanding mortgage loans granted in the ordinary course of business to any Director or their connected persons.

	Shares	2025	2024
Number of Directors and their close family members		7	8
Balance outstanding in respect of Directors and their close family members	£000	87	79
Interest received by Directors and their close family members	£000	3	3

A register is maintained at the Head Office of the Society, in accordance with section 68 of the Building Societies Act 1986, which shows details of all outstanding loans, transactions and arrangements with the Directors and their connected persons. A statement of the appropriate details contained in the Register, for the financial year ended 31 December 2025, will be available for inspection at the AGM and at the Society's Head Office for a period of 15 days up to and including the AGM.

In accordance with section 69 of the Building Societies Act 1986 the Society maintains a Register of Relevant Services of a Related Business. No fees were paid in 2025 (2024: £Nil).

9. Prepayments and accrued income

	2025	2024
	£000	£000
Prepayments		
IT	1,184	594
Other	161	98
	1,345	692
Accrued income	30	125
	1,375	817

10. Tax on profit on ordinary activities

	2025	2024
	£000	£000
Current tax		
Tax charge for the year comprises:		
Corporation tax at 25% (2024: 25%)	126	219
Tax related to prior year	-	3
Total current tax charge for year	126	222
Deferred tax		
Origination and reversal of timing differences	16	22
Under provision from previous year	1	(1)
Effect of change in tax rate	-	-
Total tax	143	243

Notes to the Annual Report and Accounts (continued)

10. Tax on profit on ordinary activities (continued)

Factors affecting the tax charge for the year:

	2025 £000	2024 £000
Profit on ordinary activities before tax	503	881
Tax on profit on ordinary activities at UK standard rate of 25% (2024: 25%)	126	216
Effect of change in tax rate	-	-
Capital allowances in excess of depreciation	16	24
Disallowable expenses	-	1
Over provision from previous year	1	2
Current tax charge for the year	143	243

The standard rate of Corporation Tax in the UK was 25% and accordingly the Society's profits have been taxed at this effective rate (2024: 25%). Deferred tax has been measured based on the substantively enacted rate of 25%. Further details on deferred tax are included in Note 14.

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

11. Loans and advances to credit institutions

	2025 £000	2024 £000
Accrued interest	13	20
Repayable on demand	9,907	6,023
Not more than three months	-	-
Three months to one year	-	-
	9,920	6,043

Cash placed with a swap counterparty is included in the above value of £9,920k. For 2025, this cash amount is £940k (2024: £nil).

12. Loans and advances to customers

	2025 £000	2024 £000
Loans fully secured on residential property	293,246	284,834
Loans fully secured on land	1,431	1,846
	294,677	286,680

Fair value hedging adjustments of £992k (2024: £(173)k) have been made to certain fixed rate mortgages that are in a fair value hedging relationship.

Notes to the Annual Report and Accounts (continued)

12. Loans and advances to customers (continued)

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

	2025 £000	2024 £000
Repayable on demand	2,404	1,205
In not more than three months:	940	2,177
In more than three months but not more than one year:	5,136	4,125
In more than one year but not more than five years:	38,459	37,784
More than five years:	247,074	241,611
	294,013	286,902
Effective interest rate adjustment	234	234
Fair value adjustment for hedged risk	992	(173)
Less individual impairment provision	(403)	(104)
Less collective impairment provision	(159)	(179)
	294,677	286,680

13. Impairment provisions

	2025			2024		
	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
As at 1 January						
Individual impairment	104	-	104	64	-	64
Collective impairment	173	6	179	270	1	271
Charge/(release) for the year						
Individual impairment	298	-	298	36	-	36
Collective impairment	(14)	(6)	(20)	(96)	5	(91)
At 31 December						
Individual impairment	402	-	402	104	-	104
Collective impairment	159	-	159	173	6	179
As at 31 December	561	-	561	277	6	283

Notes to the Annual Report and Accounts (continued)

14. Deferred taxation

	2025 £000	2024 £000
Deferred taxation comprises:		
Depreciation in excess of capital allowances	227	111
Other timing differences	-	-
Property revaluation	270	270
Deferred tax liability	497	381
Movement in deferred taxation		
At 1 January	381	355
Income and expenditure account	116	26
Statement of other comprehensive income	-	-
At 31 December	497	381

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised.

Deferred taxation is recognised at the substantively enacted tax rate of 25% (2024: 25%).

15. Intangible fixed assets

	2025 £000	2024 £000
Cost		
At 1 January	595	586
Additions	475	9
Disposals at cost	(17)	-
At 31 December	1,053	595
Amortisation		
At 1 January	525	466
Charged in year	40	59
On disposals	(16)	-
At 31 December	549	525
Net book value	504	70

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

Notes to the Annual Report and Accounts (continued)

16. Tangible fixed assets

	Land and buildings £000	Equipment, fixtures and fittings £000	Total £000
Cost or valuation			
At 1 January 2025	1,530	389	1,919
Additions	-	15	15
Disposals at cost	-	-	-
At 31 December 2025	1,530	404	1,934
Depreciation			
At 1 January 2025	-	262	262
Charged in year	17	45	62
Revaluation	-	-	-
Disposals	-	-	-
At 31 December 2025	17	307	324
Net book value			
At 31 December 2025	1,513	97	1,610
At 31 December 2024	1,530	129	1,659

Freehold land and buildings were valued at £1,530,000 as per the valuation report dated 31 December 2025 by Mr R Currie BSc, FRICS, RICS Registered Valuer, on behalf of the Frost Partnership, Property Consultants. The valuation is based on fair value as originally stated under FRS102 as amended by the RICS Valuation - Global Standards (the "Red Book") published by the Royal Institute of Chartered Surveyors and effective from 31 January 2022.

17. Investment properties

	2025 £000	2024 £000
At 1 January 2025	876	870
Additions	-	-
Revaluation	-	6
At 31 December 2025	876	876
Depreciation		
At 1 January 2025	-	-
Charged in year	-	-
On disposals	-	-
At 31 December 2025	-	-
Net book value		
	876	876

Investment properties, which are all freehold, were valued at £876,000 (2024: £876,000) as per the valuation report dated 31 December 2025 by Mr R Currie BSc, FRICS, RICS Registered Valuer, on behalf of the Frost Partnership, Property Consultants. The valuation is based on market value in accordance with the RICS Global Standards January 2022 Edition (the "Red Book") published by the Royal Institute of Chartered Surveyors. In determining the market value of the investment properties, fair value is estimated using the market valuation approach which uses prices and other relevant information generated by market transactions involving comparable properties. Where comparable transactions may not be available, a discounted cash flow technique may be used which considers the present value of the net cash flows to be generated from the property.

Investment properties are let under operating leases.

Notes to the Annual Report and Accounts (continued)

17. Investment properties (continued)

The rental income earned during the year was £46k (2024: £44k). No contingent rents have been recognised as income in the current or prior year. This is accounted for on an accruals basis within "Other operating income" in the Income and Expenditure Account.

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

	2025 £000	2024 £000
Within one year	29	14
In the second to fifth years inclusive	46	46
After five years	12	35

18. Shares held by individuals

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

	2025 £000	2024 £000
Accrued interest	312	761
Repayable on demand	127,624	109,712
In not more than three months	11,841	32,178
In more than three months but not more than one year	73,687	94,409
In more than one year but not more than five years	52,242	37,075
	265,706	274,135

In 2025 no transfers of monies were made under Part 1, section 2 of the Dormant Bank and Building Society Accounts Act 2008 (Alternative Scheme for smaller institutions).

19. Amounts owed to credit institutions

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

	2025 £000	2024 £000
Accrued interest	48	179
In not more than three months	3,000	-
In more than three months but not more than one year	-	-
In more than one year but not more than five years	-	11,625
	3,048	11,804

Included in the amounts above is £3.0m (2024: £Nil) borrowed from the Bank of England. Included in the amounts above is £Nil (2024: £11.6m) borrowed from the Bank of England under the Term Funding Scheme with additional incentives for SMEs (TFSME).

Notes to the Annual Report and Accounts (continued)

20. Amounts owed to other customers

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

	2025 £000	2024 £000
Accrued interest	7	98
Repayable on demand	13,864	16,623
In not more than three months	7,544	9,664
In more than three months but not more than one year	17,422	16,141
In more than one year but not more than five years	7,888	850
	46,725	43,376

21. Derivative financial instruments

	Notional amount £000	Fair value - assets £000	Fair value - liabilities £000
Derivatives			
At 31 December 2025			
Unmatched derivatives - interest rate swaps	7,000	-	(5)
Derivatives designated as fair value hedges - interest rate swaps	122,900	53	(999)
	129,900	53	(1,004)
At 31 December 2024			
Unmatched derivatives - interest rate swaps	15,600	66	(20)
Derivatives designated as fair value hedges - interest rate swaps	48,000	330	(136)
	63,600	396	(156)

22. Other liabilities

	2025 £000	2024 £000
Corporation tax	28	219
Creditors	109	184
Accruals	497	345
	634	748

23. Financial instruments

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

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

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

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

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

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

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

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

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

Summary terms and conditions and accounting policies of financial instruments:

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

Financial assets and liabilities carried at fair value

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

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

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

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

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

	Notes	2025 £000	2024 £000
Financial assets			
Derivative financial instruments			
Interest rate swaps	21	53	396
		53	396
Financial liabilities			
Derivative financial instruments			
Interest rate swaps	21	1,004	156
		1,004	156

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

Interest rate swaps – Level 2

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

Credit risk

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

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

	2025 £000	2024 £000
Credit risk exposure		
Cash in hand and balances with Bank of England	39,176	64,133
Loans and advances to credit institutions	9,920	6,043
Derivative financial instruments	53	396
Loans and advances to customers	294,677	286,680
Total balance sheet exposure	343,826	357,252
Off balance sheet exposure - mortgage commitments	13,911	15,300
	357,737	372,552

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

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

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

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

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

	2025 £000	2025 %	2024 £000	2024 %
Industry sector				
Banks	9,920	20.2%	6,043	8.6%
Building Societies	-	0.0%	-	0.0%
Central Government	39,176	79.8%	64,133	91.4%
	49,096	100.0%	70,176	100.0%

	2025 %	2024 %
Rating		
AA	-	-
AA-	83.6%	92.7%
A+	16.4%	7.3%
A	-	-
Other	-	-
	100.0%	100.0%

	2025 £000	2024 £000
Geographic region		
United Kingdom	49,096	70,176
	49,096	70,176

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

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

	2025	2024
	%	%
Rating		
AA	-	-
AA-	100.0%	100.0%
	100.0%	100.0%

	2025	2024
	£000	£000
Geographic region		
United Kingdom	53	396
	53	396
Notional value of derivative financial instruments	129,900	63,600

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

b) Loans and advances to customers

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

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

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

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

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

The maximum credit exposure is disclosed in the table on page 51.

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

	2025	2025	2024	2024
	£000	%	£000	%
Residential mortgages - owner occupied	228,738	77.6%	224,375	78.3%
Residential mortgages - buy-to-let	63,941	21.7%	60,175	21.0%
Commercial mortgages	1,998	0.7%	2,130	0.7%
	294,677	100.0%	286,680	100.0%

The Society lends throughout England and Wales.

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

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

	2025	2024
	%	%
Outer Metropolitan Area	17.7%	18.3%
Greater London	19.6%	20.5%
Outer South East	14.5%	15.3%
South West	12.6%	12.7%
North West	6.1%	6.3%
West Midlands	6.7%	6.7%
East Anglia	3.9%	3.4%
East Midlands	6.8%	6.2%
Yorkshire and Humberside	5.9%	5.7%
Wales	3.8%	3.0%
North	2.4%	1.9%
	100.0%	100.0%

The Society's low risk approach to lending is reflected in the loan to value (LTV) profile of the mortgage book. The estimated value of the mortgage portfolio is updated on a quarterly basis using the Nationwide Building Society regional House Price Index.

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

	2025	2024
	£000	£000
< 50%	41.9%	45.6%
50% - 60%	14.0%	14.6%
60% - 70%	15.0%	15.9%
70% - 80%	13.0%	10.7%
80% - 90%	10.1%	8.5%
90% - 100%	5.3%	4.0%
> 100%	0.7%	0.7%
	100.0%	100.0%
Average LTV mortgage loans	55.4%	53.2%
Average LTV new business	69.3%	68.3%

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

The quality of the Society's mortgage book is reflected in the number and value of accounts in arrears. By volume 0.7% (2024: 1.0%) of loans are three months or more in arrears and by value it is 0.9% (2024: 1.3%).

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

	2025 £000	2025 %	2024 £000	2024 %
Not impaired				
Neither past due nor impaired	284,386	96.5%	276,801	96.6%
Past due up to three months but not impaired	1,745	0.6%	1,573	0.5%
Past due over three months but not impaired	-	-	-	-
Possessions	-	-	-	-
	286,131	97.1%	278,374	97.1%
Impaired				
Current	1,882	0.7%	1,315	0.5%
Past due up to three months	4,056	1.4%	2,816	1.0%
Past due three to six months	1,030	0.3%	2,214	0.8%
Past due six to twelve months	657	0.2%	381	0.1%
Past due over twelve months	16	-	1,246	0.4%
Possessions	905	0.3%	334	0.1%
	8,546	2.9%	8,306	2.9%
	294,677	100.0%	286,680	100.0%

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

	Indexed £000	Unindexed £000	Indexed £000	Unindexed £000
Current	746,497	645,708	759,373	651,551
Past due	24,806	17,964	26,601	18,675
	771,303	663,672	785,974	670,226

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

With collateral capped to the amount of outstanding debt, the value of collateral held against loans "Past due but not impaired" at 31 December 2025 is £1,745k (2024: £1,573k) against outstanding debt £1,745k (2024: £1,573k). In addition, the value of collateral held against "Impaired" assets at 31 December 2025 is £8,228k (2024: £7,499k) against outstanding debt of £8,546k (2024: £7,499k).

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

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

Forbearance

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

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

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

At the end of December 2025, the Society had forbearance measures in place with 21 customers (2024: 30).

An individual impairment provision of £2k (2024: £Nil) has been provided for cases in forbearance.

In total £577k (2024: £1,467k) of forbearance cases are past due by three or more months against outstanding balances of £3,089k (2024: £4,034k).

Liquidity risk

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

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

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

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

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

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

An analysis of Encumbered Assets at 31 December 2025 and 2024 is set out in the table below:

	2025	2024
	£000	£000
Loans and advances to customers	104,264	55,189
	104,264	55,189

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

Financial assets are pledged as collateral to the Bank of England.

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

	On demand £000	Not more than 3 months £000	More than 3 months but not more than 1 year £000	More than 1 year but not more than 5 years £000	More than 5 years £000	Total £000
At 31 December 2025						
Shares	127,458	34,461	75,715	33,020	-	270,654
Amounts owed to credit institutions	-	-	-	-	-	-
Amounts owed to other customers	13,774	7,526	17,801	8,341	-	47,442
Total financial liabilities	141,232	41,987	93,516	41,361	-	318,096
Off balance sheet exposure - mortgage commitments	13,911	-	-	-	-	13,911
	155,143	41,987	93,516	41,361	-	332,007
At 31 December 2024						
Shares	109,573	47,147	90,914	32,431	-	280,065
Amounts owed to credit institutions	-	179	11,869	-	-	12,048
Amounts owed to other customers	16,429	11,082	15,221	906	-	43,638
Total financial liabilities	126,002	58,408	118,004	33,337	-	335,751
Off balance sheet exposure - mortgage commitments	15,300	-	-	-	-	15,300
	141,302	58,408	118,004	33,337	-	351,051

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

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

Market risk

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

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

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

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

	2025	2024
	£000	£000
Sensitivity of reported reserves to interest rate movement (economic value)		
As at 31 December	(232)	(421)
Average for period	(378)	(192)
Maximum for period	(172)	214
Minimum for period	(604)	(757)

Capital

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

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

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

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

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

The Society's capital requirements are set and monitored by the PRA. During 2025 b the Society has continued to comply with the European Union Capital Requirements Regulation and Directive (Basel III) as amended by the PRA.

Regulatory capital is split into two tiers:-

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

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

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

Notes to the Annual Report and Accounts (continued)

23. Financial instruments (continued)

The Society's regulatory positions as at 31 December 2025 under the Standardised Approach (unaudited) was as follows:

	2025	2024
	£000	£000
Tier 1 capital		
Reserves	30,547	30,187
Less Intangible fixed assets	(504)	(70)
Other regulatory adjustments		
	30,043	30,117
Tier 2 capital		
Collective impairment provision	159	179
	159	179
Regulatory capital	30,202	30,296

24. Guarantees and other financial commitments

Capital commitments

As at 31 December 2025 the Society had capital commitments or contracted capital expenditure of £Nil (2024: £Nil).

Lease commitments

As at 31 December 2025 the Society had lease commitments of £Nil (2024: £Nil).

Other commitments

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

	2025	2024
	£000	£000
Within one year	336	153
In the second to fifth years inclusive		497
	336	650

25. Country-by-Country reporting

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

Article 89 of the CRD IV requires credit institutions and investment firms in the EU to disclose annually, specifying by Member State and by third country in which it has an establishment, the following information for the year ended 31 December 2025:

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

- The Buckinghamshire Building Society, which is a deposit taking and secured home finance lending entity, has all of its operation based in England and its statement of financial position entirely denominated in Sterling.
- The number of employees is disclosed in note 6 of the accounts.
- Turnover and pre-tax profit are disclosed in the Income and Expenditure Account on page 33.
- Corporation tax paid is disclosed in the Cash Flow Statement on page 36.

The Society has not received any public subsidies.

Glossary of Terms

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

Basis point

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

Contractual maturity

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

Cost/income ratio

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

Effective interest rate method (EIR)

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

Fair value

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

Forbearance strategies

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

Free capital

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

General reserves

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

Impaired loans

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

Individually/collectively assessed

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

Interest Margin

Represents net interest income divided by mean total assets.

Internal capital adequacy assessment process (ICAAP)

The Society's own assessment of the level of capital that it needs to hold for risks it faces under a business-as-usual scenario and a variety of stress scenarios.

Liquid assets

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

Liquidity ratio

Liquid assets as a percentage of shares and borrowings.

Liquidity risk

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

Loan to value ratio (LTV)

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

Loans past due/past due loans

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

Management expenses

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

Market risk

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

Mean total assets

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

Member

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

Mortgage arrears

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

Net interest income

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

Risk appetite

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

Risk weighted assets

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

Residential loans

Residential mortgage loans secured against residential property.

Retail deposits

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

Retail shares

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

Shares and borrowings

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

Total capital ratio

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

Tier 1 capital

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

TFSME

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

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

Annual Business Statement

Statutory percentages

	2025 %	Statutory limit
The lending limit		
Proportion of business assets not in the form of loans fully secured on residential property	1.25%	25.00%
The funding limit		
Proportion of shares and borrowings not in the form of shares held by individuals	15.78%	50.00%

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

Other percentages

	2025 %	2024 %
As a percentage of shares and borrowings:-		
Gross capital	9.68%	9.17%
Free capital	9.19%	8.73%
Liquid assets	15.56%	21.31%
As a percentage of mean total assets:-		
Profit after taxation	0.10%	0.17%
Management expenses	1.77%	1.66%

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

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

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

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

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

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

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

Other Directorships of Board Members as at 31 December 2025

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

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



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

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

Registration Number 206022.