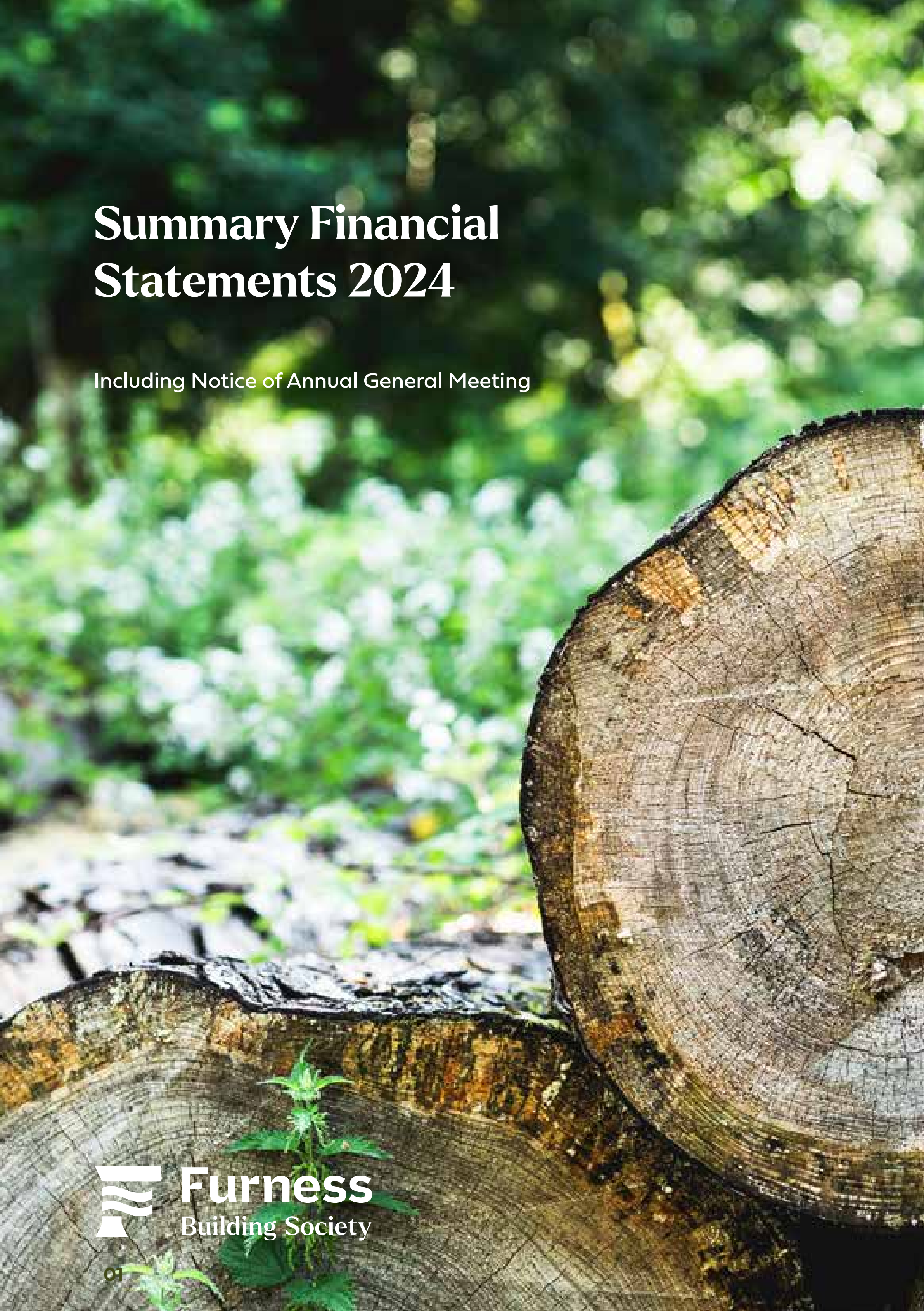
Summary Financial Statements 2024

Including Notice of Annual General Meeting



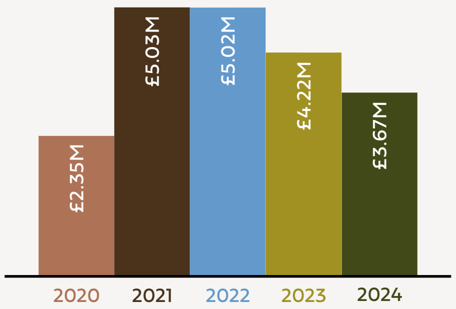
Furness Building Society

Contents

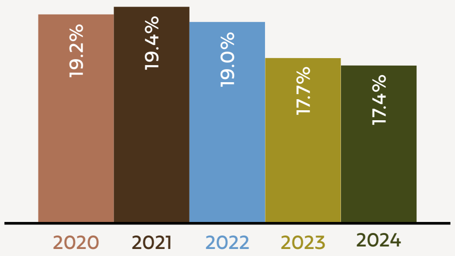
Performance Summary

Financial Strength

Profit before tax

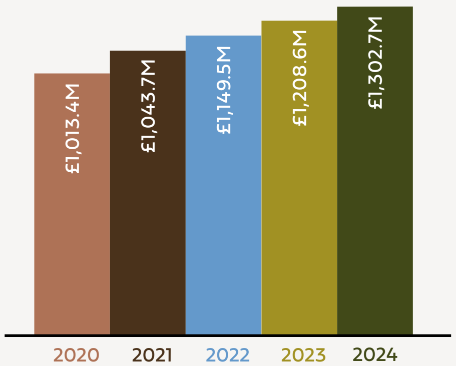


Total Capital Ratio

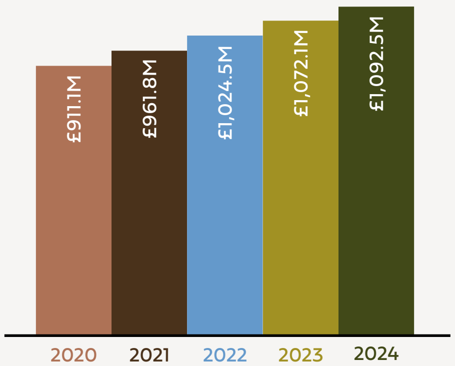


Business Summary

Share and Deposit Balances



Mortgage Balances



Notice of Annual General Meeting 2025

Notice is given that the 158th Annual General Meeting (AGM) of the Members of the Furness Building Society will be held on Tuesday 29 April 2025 at 4.00pm at Furness Building Society, Emlyn Hughes House, Abbey Road, Barrow in Furness LA14 5PQ for the following purposes:

1. To receive Chair's opening remarks.
2. To receive the Auditor's Report for the year ended 31 December 2024.
3. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2024.
4. To consider, and if thought fit, pass an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31 December 2024.
5. To consider, and if thought fit, pass an Ordinary Resolution to re-appoint Forvis Mazars LLP as Auditor.
6. To consider, and if thought fit, to re-elect/elect the following as a Director:
   (a) To re-elect G M Berville as a Director
   (b) To re-elect A P Haywood as a Director
   (c) To re-elect P A McLelland as a Director
   (d) To re-elect P D Rogerson as a Director
   (e) To re-elect D J Hosie as a Director
   (f) To re-elect K Ingham as a Director
   (g) To elect S J Broadley as a Director
   (h) To elect T E Leach as a Director

Voting Conditions

1. These Notes form part of the Notice of Meeting.
2. You may either vote in person at the Meeting, if attendance is permitted, or you may use the voting form to appoint a representative to attend and vote for you as you direct. You may appoint the Chair of the Meeting or anyone else as your representative, they do not have to be a Member of the Society. Your representative may vote for you at the Meeting on a written poll but not on a show of hands.
3. The final voting date is:

a) 3.00pm on Thursday, 24 April 2025 if you are posting your voting form at a branch,

b) Saturday, 26 April 2025 if you are posting the voting form using the prepaid envelope or voting online, or

c) Tuesday, 29 April 2025 if you vote in person at the Meeting.

4. You are entitled to vote if you are at least 18 years old on 29 April 2025 and you are the first named account holder in our records. You must also either:

a) have had at least £100 in your share account on 31 December 2024, and continue to have a share account with the Society at all times between 31 December 2024 and the voting date.

b) have owed the Society not less than £100 on your mortgage loan(s) on 31 December 2024 and on the voting date.

5. No matter how many share or mortgage accounts you have, in any capacity, you are only entitled to vote once on each resolution. If you vote online and subsequently change your mind you are able to vote again using the same proxy number and your last vote will be counted.

   If you submit a postal vote and submit an online vote then the last vote received by the scrutineer will be counted.
6. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you have appointed a representative, please ensure that they bring an appropriate form of identification to the Meeting.
7. If you appoint a representative to vote on your behalf and your representative does not attend the Meeting, your vote will not be counted.
8. Please remember to sign the declaration on the voting form as only signed forms will be valid.
9. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for and against the resolution.

Directors' Biographies
Directors up for re-election in 2025

Graham Berville
Responsible for leading the Board of Directors, Graham has over 30 years' experience in the financial sector, including work with six mutual financial services companies. His sound understanding of governance, risk and conduct requirements has been instrumental in steering us through yet another highly unusual and challenging year.

Key roles:
- Chair of the Board
- Chair of Nominations Committee

Andy Haywood
Andy has held numerous executive positions in the retail and commercial banking sectors throughout his 35-year career including as Chief Modernisation Officer of Yorkshire Water, Chief Operating Officer at N Brown PLC and roles at The Co-Operative Group and Boots. His skills and experience in complex areas of technology and change management play a vital role in protecting members and safeguarding our future.

Key roles:
- Chair of Remuneration Committee
- Member of Board Risk Committee
- DE&I Board Champion

Wider commitments:
- Owner & Managing Director of Gustec Advisory Ltd

Phillip McLelland
Phillip brings to the table experience from a number of directorships and executive finance and risk roles including those of Finance Director at UK Asset Resolution, Provident Financial and the British Business Bank. During the past year he has stepped back from his executive roles and taken on two Non-Executive Board positions. He firmly supports our Member focused strategy and his proven commercial, finance and treasury expertise is helping guide us towards a successful future.

Key roles:
- Chair of Audit Committee
- Member of Board Risk Committee
- Member of Nominations Committee

Wider commitments:
- Non-Executive Director and Chair of Audit Committee of Gatehouse Bank
- Non-Executive Director and Chair of Risk Committee of Pure Retirement
- Chair of Trustees of The Calisen Impact Charitable Trust

Peter Rogerson

Peter has worked in the financial industry for more than 30 years, including holding senior roles at Virgin Money and Alliance & Leicester. His extensive strategic, commercial and management experience is an asset to the Board, along with his passionate belief that everyone has the right to own their own home.

Key roles:
- Senior Independent Director
- Chair of Board Risk Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Consumer Duty Champion

Wider commitments:
- Peter is an active volunteer at his local food bank

Diane Hosie

Diane has over 35 years' financial experience primarily within the Asset Management sector. She has extensive Board experience and brings a combination of strong governance, commercial focus and client service. Having grown up in the region, Diane is committed to helping the Society continue to develop and support its Members and the community they live in.

Key roles:
- Non-Executive Director
- Member of Audit Committee
- Member of Remuneration Committee
- ESG Board Champion

Wider commitments:
- Chair of Legal & General Unit Trust Managers
- Non-Executive Director of Morgan Stanley Fund Management (Ireland) Limited
- Non-Executive Director of Morgan Stanley sponsored Investment Funds

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Karen Ingham

Karen brings extensive Executive experience from her former role as Vice President at Expedia Group. She has an excellent Sales and Operations background from the Financial Services, Travel, and Telecoms sectors, including multi channel and digital strategy. Her time in one of the Virgin Group businesses has cemented her belief that happy people make happy members, which enables a successful business.

Key roles:
- Vice Chair of the Board
- Member of Board Risk Committee
- Member of Nominations Committee

Wider commitments:
- Non-Executive Director Ramsdens Financial Limited
- Non-Executive Director (pro bono) Manhealth CIC

Directors up for election in 2025

Thomas Leach

Tom is a Chartered Accountant with over 20 years' experience in the Financial Services industry, 15 of those within the Building Society sector. Tom has held Chief Financial Officer and other senior finance roles across a range of building societies, and has extensive experience across strategy, commercial finance and financial planning together with treasury and prudential risk management.

Tom joined the Society in October 2024 and was co-opted to the Board as Interim Finance Director. He will step down from this role during 2025 when the Society welcomes back Laura Hamp from her maternity leave.

Key roles:
- Finance Director
- Member of Board Risk Committee
- Member of Assets & Liabilities Committee
- Member of Executive Committee

Wider commitments:
- Tom is currently studying for his Professional Certificate in Artificial Intelligence and Machine Learning with MIT
- He recently completed his Executive MBA through Imperial College, London and achieved both Distinction and a place on the Dean's List for Academic Excellence.

Simon Broadley

With more than 25 years' experience in the financial services sector, Simon joined the Society as Chief Commercial Officer in 2022. A proven people and commercial leader, Simon has worked predominantly within the mutual sector having held senior leadership roles with Yorkshire Building Society, Tenet & You and as a Non-Executive Director at Leeds Credit Union.

Having relocated with his family from Yorkshire to the Furness Peninsula in 2022, Simon is passionate about the role the Society can play in supporting communities.

Key roles (from 29 April 2025):
- Chief Executive (Position subject to Regulatory approval)
- Chair of Executive Committee
- Member of Nominations Committee
- Member of Assets & Liabilities Committee

Wider commitments:
- Voluntary Non-Executive Director at Barrow BID
- Voluntary Non-Executive Director at SAFA

Independent Auditor's Statement

Independent Auditor's Statement

Independent Auditor’s statement to the Members and Depositors of Furness Building Society.

We have examined the Summary Financial Statement of Furness Building Society (the “Society”) set out on pages 12 to 34.

Respective responsibilities of directors and auditor

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

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

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full annual accounts, the Annual Business Statement and the Directors’ Report of the Society for the year ended 31 December 2024 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors’ Report of the Society for the year;
- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the full annual accounts, the Annual Business Statement and the Directors’ Report of the Society for the year ended 31 December 2024.

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

Our report on the Group’s and Society’s full annual accounts describes the basis of our opinion on those annual accounts, the Annual Business Statement and the Directors’ Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full annual accounts, the Annual Business Statement and the Directors’ Report of Furnes Building Society for the year ended 31 December 2024 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

This statement is made solely to the Society’s members as a body and the Society’s depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society’s members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society’s members as a body and the Society’s depositors as a body for our audit work, for this statement, or for the opinions we have formed.

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor

One St Peter’s Square
Manchester
M2 3DE

14 March 2025

Summary Financial Statement

Directors' Report

Business Review
Sustainability for the Long Term

Throughout the year we have continued to prioritise long-term sustainability over short-term profitability, developing the capabilities to enable our current and future Members to engage with the Society in the way that they choose. This will ensure the Society remains relevant to all, continuing to provide the valued face to face service in local communities through a modernised branch network whilst ensuring a rich digital offering for Members who wish to engage through technology.

Our key performance indicators are detailed below.

Key Performance Indicators		Group 2024	Group 2023
Balance Sheet	Assets	£1,397m	£1,303m
	Loans and advances to customers	£1,092m	£1,072m
	Shares and deposits	£1,303m	£1,209m
Operating Performance	Management expenses (% of mean assets)	1.42%	1.42%
	Net Interest Margin (% of mean assets)	1.62%	1.76%
	Total balances on mortgage accounts in arrears (>3months)	£3.0m	£3.4m
	Profit after tax	£2.8m	£3.2m
Financial strength	Regulatory capital	£86.3m	£84.3m
	Total capital ratio	17.4%	17.7%
	Liquid assets (% of shares and borrowings)	22.1%	17.8%

Overview on income statement	Group 2024 £000	Group 2023 £000
Net interest income	21,927	22,290
Other income and charges	1,135	98
Administrative expenses	(18,577)	(17,418)
Depreciation and amortisation	(537)	(651)
Impairment charges	(277)	(102)
Profit before tax	3,671	4,217
Taxation	(889)	(1,018)
Profit after tax	**2,782**	**3,199**

Net Interest Margin

The Group's interest margin reduced during the year from 1.76% to 1.62%. This has been driven by the reductions in bank base rate in the year, with the Society's liquidity and interest rate swaps repricing downwards immediately and in full, whilst changes to administered rate funding and lending rates take time to implement. The Society has balanced the needs of savings and mortgage Members, reflecting both current market conditions and the proportionate pass-through of interest rate increases since 2022. Decisions must also be taken with regard to the long-term stability of the Society, particularly in an environment of increased digital investment requirements and the impact of inflation on administrative costs.

Other income and charges

This comprises fees and charges not accounted for within Net Interest Margin such as payments to Community Accounts and fair value losses or gains on interest rate swaps and hedged items. We use interest rate swaps solely for risk management purposes to hedge exposure to interest rate changes on our portfolio of fixed rate mortgage and savings products.

The increase in other income is largely due to gains on instruments held at fair value through profit and loss, which increased to £779k in the year (£101k: 2023). Net proceeds from the sale of the Society's premises in Duke Street, Barrow-in-Furness were £288k with the Barrow branch moving to more modern premises in the heart of the town.

Administrative expenses and depreciation

The Group's management expenses include staff costs and all other operating costs necessary for the business to function including any overheads, depreciation and amortisation.

Our Board and Executive recognise the need to balance cost control with investment and the high calibre people required to run the business effectively for its Members in order to continue providing excellent products and services.

Management expenses were 1.42% of mean assets in 2024 (1.42%: 2023), meaning costs per pound of assets has remained broadly consistent year on year. The absolute increase in management expenses is due to investment in the development of an online savings platform, together with inflation-driven increases in both staff costs and third-party supplies. Management of costs whilst making the right long-term investment decisions for the Society will remain a key focus for the Board through 2025.

Impairment charges

Impairment charges for the year were £277k (£102k: 2023), resulting in an increase in total loan loss provisions from £899k to £1,168k at 31 December 2024. This increase primarily reflects changes of circumstance in individual cases rather than a widespread increase in levels of arrears.

The number of mortgages in arrears (over 3 months) at 31 December 2024 was 19 (26: 2023), with total arrears outstanding at the year-end on these cases of £181k (£150k: 2023) and an aggregate balance of £3.0m (£3.4m: 2023). There were 7 accounts in arrears over 12 months with an aggregate arrears balance of £49,792.

We extend forbearance to borrowers where appropriate, and at the year end, there were 19 (16: 2023) cases on which forbearance was being applied.

Whilst arrears remain low, the Society recognises the importance of identifying borrower financial distress at an early stage and supporting Members to reach the right outcome in their individual circumstances.

Profit

The Group's profit before tax reduced from £4.2m in 2023 to £3.7m in 2024. The reduction in profit was driven by the lower Net Interest Margin and increase in administrative expenses, partially offset by the sale of the Society's premises in Duke Street together with increased net fair value gains in the year.

Performance in 2024 has demonstrated the Society's resilience in difficult trading conditions whilst absorbing the impact of necessary investment for the future. Looking ahead, the growth enabled by the Society's investment together with careful cost control will support profitability and ensure the Society can meet the challenges of the future from a position of strength.

Balance Sheet

The Society achieved gross mortgage lending of £216m (£216m: 2023) during the year despite mortgage market volatility and challenges in the housing market. As a result, mortgage assets grew by 1.9% (4.6%: 2023) in the year to £1,092m (£1,072m: 2023) and we plan to maintain a strong pipeline of new business into 2025.

We continue to serve our customers and provide the Mortage products they need to help them achieve their aspirations. We are proud to have been able to consistently reach new customers and grow our mortgage portfolio. We continue to offer a full range of products and our manual underwriting helps us to understand and assist in more complex circumstances. We are confident in our steady growth plans and product development areas for 2025.

As a mutual, it is our intention to provide residential home loans, where appropriate returns for risk are available, in markets such as first-time buyers and self-build. Helping Members in our communities to purchase a home is our core purpose and we will continue to develop our products and propositions to facilitate that within our risk appetite. We also support local and national residential housing developers as part of our diversified loan portfolio. This type of loan accounted for £9.5m of balances at the end of December 2024.

We aim to attract and retain retail savings, which provide the majority of the funding required for our lending, and we've strived to ensure our savings products remain attractive to Members. We continue to make use of our ability to access non-retail sources of funding (including wholesale markets), where the diversification of funding helps to manage our risks and where it is commercially beneficial to do so.

Capital

Increasing our capital base in absolute terms enables us to grow the Society to ensure long-term sustainability whilst remaining a safe home for our Members' savings. Our Common Equity Tier 1 (CET1) ratio remains strong at 17.3% (17.6%: 2023) and substantially higher than the minimum required by our Regulator. Gross capital as a percentage of shares and borrowings was 6.76% (7.05%: 2023) and our total capital ratio 17.4% (17.7%: 2023). Our capital strength protects the Society against its principal risks and continues to support the demands associated with the development and investment in the business which will support our future success.

We have invested capital in our digital proposition, our people and the branch network. Our capital requirements have increased due to mortgage book growth, increased profitability over a three-year average which increases operational risk capital requirements, and in holding a more diverse range of liquid assets having been granted permission to operate under the extended approach to treasury risk management. We have been able to do this because our overall capital position remains strong and well above regulatory minimums. The CET1 ratio is comfortably above our own internal risk appetites, which are more prudent than regulatory minimums. It therefore provides strength and security for our Members and continues to support the demands associated with the development of the business which will support our future success.

Liquidity

The Society's liquid assets comprise cash and other assets that are easily converted to cash, which are shown in the statement of financial position. We ensure liquidity is optimised and of appropriate quality to meet our financial obligations as they fall due, under both normal and stressed scenarios.

During 2024 the Society's liquidity increased as retail funding was sourced to prepare for the repayment of the Term Funding Scheme with additional incentives for SMEs (TFSME). During the year the Society repaid £60m of TFSME, however this has been more than offset by increased retail funding, resulting in our liquid asset ratio increasing from 17.8% of Share & Deposit Liabilities (SDL) in 2023 to 22.13% in 2024. Looking ahead, the Society is closely monitoring its liquidity to ensure appropriate liquidity is held for the types and sources of funding attracted given its digital capabilities and the evolving profile of savings Members.

A key regulatory measure of liquidity is the Liquidity Coverage Ratio (LCR) which was 227.4% as at 31 December 2024 (160.7%: 2023), considerably above the regulatory requirement of 100%.

Going concern and long-term viability

We've considered the potential implications of economic and geopolitical uncertainty on our current and future obligations and the Society's prospects over the five-year Corporate Plan period.

We expect economic growth and public debt levels to continue to challenge the government domestically, and further geopolitical instability internationally. Housing affordability has improved since 2021 but remains at a high level compared to historical data. Economists have forecast modest house price increases in 2025, but there remains the possibility that levels of arrears and forbearance may increase as mortgage holders come to the end of longer-term fixed rate products.

We expect interest rates to reduce, but the timing and magnitude of reductions remain uncertain. Reductions will however put pressure on our margins, as we endeavor to ensure a fair cost and return to our Members whilst safeguarding our future.

The latest profitability, liquidity and capital forecasts in the Plan together with capital adequacy in severe-but-plausible stress scenarios have been considered through the Internal Capital Adequacy Assessment Process (ICAAP), and the Board is satisfied that severe stress scenarios are survivable. We continue to forecast long-term viability with moderate growth and continued capital surplus.

The Board considers the Society to be well positioned for the future, with sufficient levels of capital and liquidity to withstand stress events. The financial statements are therefore prepared on a going concern basis.

Post year-end events

The outlook for the UK economy remains uncertain. The medium-term impact on UK growth of the tax raising measures announced in the 2024 budget remains to be seen. Market predictions of the future path of interest rates remain volatile, leading to frequent repricing in the mortgage market. The reaction of the savings market to future changes in bank base rate cannot be determined with certainty, particularly in an environment where central bank support through TFSME is being withdrawn. The risk of stubborn inflation remains, particularly in a geopolitical environment of rising tariffs and continued conflict in Eastern Europe and the Middle East.

Whilst these factors require careful ongoing management, it is not considered that they have a material impact on the Society's current financial position or on its ability to continue as a going concern.

Supplier payment policy

Our policy continues to be to discharge supplier invoices within the agreed payment terms. We know how important this is in the current economic climate, particularly to small businesses. Average settlement time in 2024 was 30 days (30 days: 2023).

Donations

During the year, we made donations to a number of charities and community causes totalling £32k (£41k: 2023). This is in addition to Community Account contributions of £96k (£121k: 2023). Our Community Accounts support clubs and charities, with an annual donation being made to each by the Society based on the balances of all the savings accounts related to the affinity group.

We also allow our people time to support charitable causes and a number of charities were assisted in this way in 2024.

No political gifts or donations were made during the year (£Nil: 2023).

Directors

Directors who served during 2024 are listed within the Annual Business Statement on page 87 of the Annual Report & Accounts. None of the Directors had an interest in the shares or debentures of any associated body of the Society at any time during the financial year.

Section 172(1) of the Companies Act 2006 sets out the duties of any company Director. This does not apply to our Directors here at Furness as we are a Building Society. However, the UK

Corporate Governance Code expects Board members to set out how Section 172(1) matters are considered in its decision making.

The Board continues to seek engagement from its stakeholders, including Members, employees and suppliers, to ensure fair and balanced decisions are made which take their opinions and considerations into account whilst honouring its duty to promote the long-term success and sustainability of the Society.

Our Board confirms it has acted in good faith and in a way that would be most likely to promote the success of the Society and the best interests of its Members.

The Board continues to track progress against its refreshed Environmental, Social and Governance (ESG) Strategy which looks to ensure the business conducts itself in a more eco-conscious manner. We have reviewed our Scope 1 and Scope 2 emissions and are currently building a roadmap to reduce these. Our principles are aligned with the UN Sustainability Goals.

Key achievements made thus far include:

- Supporting our Members to purchase energy efficient homes, with discounts provided for properties with a better Energy Performance Certificate (EPC) rating
- Establishing our Scope 1 and 2 carbon emissions to allow us to track and set goals to actively reduce our carbon footprint
- Ensuring our branch footprint is kinder to the environment through using local and recycled materials and improving our layout to better support both colleagues and Members
- Reducing our paper usage by improving internal processes to allow our Members and colleagues to communicate and transact digitally
- Launching our 'Doshi' Member benefit app to encourage and reward financial education and help our colleagues and Members build robust money management skills.
- Launching a Cycle to Work Scheme and Electric Vehicle Salary Sacrifice Scheme for our colleagues to reduce the carbon emissions generated through work-related travel
- Investing in the communities we serve through donations managed through our Branch managers and colleagues who best understand the needs of their local community

More details on our ESG strategy can be found on our website and in our Members Review document.

We are proud to say we are a Real Living Wage, Disability Confident and Women in Finance accredited employer and as such, we are committed to fostering an inclusive environment that values diverse perspectives and enables everyone to unlock their full potential. You can find out more about our Diversity, Equity & Inclusion (DE&I) principles and read our DE&I statement on our website.

Disclosure of information to the Auditor

At the date of approval of this report, each of our Directors confirms that:

- So far as they are aware, there is no relevant audit information of which the Group's Auditor is unaware.
- All necessary steps have been taken in order identify any relevant audit information and establish that the Group's auditor is aware of that information

Appointment of the Auditor

Forvis Mazars LLP have been appointed as the Society's external Auditors for the financial year 2024 and will be put to vote via ordinary resolution at the 2025 AGM.

Risk Review
Managing & Mitigating Risk

The Society operates in a business environment that contains a broad range of financial and non-financial risks. We have a formal risk management framework, including a detailed Board Statement of Risk Appetite which is reviewed at least annually.

The Board is responsible for the effective management of risks within the scope of its risk appetite and it delegates oversight of the implementation of the risk management framework, including policies, to the Board Risk Committee. Key risk and performance indicators are monitored by the Board at each of its meetings.

Our three lines of defence model ensures clear separation between the ownership and management of risk and controls (first line), oversight, support and advice (second line) and internal audit assurance (third line).

The Society's risks cover a wide range of areas (for example Model Risk, Credit Risk, and Prudential Risk) and the information below highlights the key risks to the Society in 2024:

Strategic Risk

Strategic risk is the risk resulting from our strategic decisions which have the potential to impact our Members, the Corporate Plan and forecast results or performance over the planning period. A crystallisation of strategic risk could affect the overall strength of the Society or impact the business model. The Board regularly discusses strategic issues and challenges the Corporate Plan proposed by Executives. It ensures strong levels of capital and liquidity are maintained to provide resilience against external factors which may cause stress to the business.

The Society's strategy is reviewed at least annually by the Board and Management to ensure it remains appropriate, deliverable and sustainable with external assistance sought when required to validate conclusions. The ongoing management of strategic risk is supported by the business performance and risk reporting data provided to the Board and Risk Committees.

The current economic environment and competitor pressures on both sides of the balance sheet continues to put pressure on the Net Interest Margin and this has been addressed through our strategy development. Consideration has also been given to the potential ramifications of geopolitical uncertainty on our current and future obligations and the Society's prospects over the Corporate Plan period.

In 2024 the Society continued to invest in technology, capability, product propositions and distribution to ensure we are in the best position to meet Member expectations and secure a sustainable future for the Society.

Credit Risk

Credit risk is the risk that borrowers or counterparties to whom the Society has lent money may default on their obligation to repay the Society. The Society holds security on Member mortgages in the form of property and land. A reduction in the House Prices Index (HPI) impacts the value of these and may increase the loss in the event of default. Furthermore, property and land also becomes harder to sell during an economic downturn and therefore increases the discount on the sale price of the property (forced sale discount), further increasing the Society's credit risk.

The Society manages the risk associated with mortgage borrowing by means of a prudent Lending policy that includes both a thorough assessment of the creditworthiness of the borrower and the value of the proposed security. Mortgages are monitored closely and on an ongoing basis, with timely action being taken for those mortgages that fall into arrears.

The Society continues to monitor the credit risk inherent in the mortgage book via a combination of indexed valuations and surveyor led property valuations. Fluctuations in house prices can impact potential credit losses. Average UK house price annual inflation was 3.4% in the 12 months to October 2024*.

The Credit Risk Committee meets regularly to consider the risks associated with this lending and to review current and potential accounts in default. The Society has continued to improve its analytical capabilities and management information to understand and manage its credit risk exposures effectively. The Society utilises manual underwriting procedures which enables bespoke risk assessment of complex cases.

In the case of liquid asset investments, the credit risk associated with lending to financial institutions is addressed by the Society's Assets and Liabilities Committee (ALCO) which ensures that investments are restricted principally to cash held with the Bank of England, UK Government issued debt instruments, liquid regulatory compliant AAA rated debt securities, term deposits with regulated entities and Local Authorities, and operational call accounts with large UK based clearing banks with investment-grade credit ratings.

The Society keeps abreast of developments affecting financial sector firms and takes appropriate action to safeguard the Society's investments.

Liquidity and Funding Risk

Liquidity risk is the risk of the Society failing to meet its financial obligations as they fall due, resulting in the inability to support normal business functions and activity. There is also a risk of breaching regulatory requirements.

The nature of the Society's business involves 'maturity transformation' whereby the Society borrows for relatively short terms and lends on mortgages for much longer periods. This mismatch creates liquidity risk whereby the Society could be unable to meet its financial obligations as they fall due.

Funding risk is the inability to access funding markets or needing to do so at excessive cost. In order to minimise funding risk the Society ensures there is no over reliance on a single source of funds.

In 2024, the Society continued to make early repayments to the Bank of England as part of the Term Funding Scheme (TFSME), with £20m remaining at the year-end (out of a total of £90m drawn) to repay in Q1 2025. This is expected to be funded by retail deposits, supported by the use of the digital distribution channel and the tactical use of deposit aggregators.

On a day-to-day basis the Group's liquidity position is managed by the Treasury function which is responsible for the liquid asset portfolio and contingency arrangements. Liquidity and funding risk is monitored by the ALCO which meets on a frequent basis and receives a variety of Management Information reports. These reports enable it to monitor the amount and composition of the liquid asset portfolio and ensure Group compliance with the regulations covering liquidity, as well as the Board Statement of Risk Appetite. This is supported by the Treasury Function Risk Management Policy (TFRMP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) to ensure that financial obligations can be satisfied as they fall due under both normal conditions and defined stress scenarios. This liquidity adequacy is also tested through the Liquidity Contingency Plan (LCP) and Recovery Plan (RP) to ensure a wide range of stresses are considered, of varying severity, and that available mitigating actions are assessed from both capacity and practicability perspectives.

A significant proportion of the Society's liquid assets are held in a Bank of England reserve account, UK Bank call accounts and short-term deposits, to provide instant access to funds if and when required. In addition the Society holds a portfolio of treasury instruments where there is an active secondary market enabling liquidation if required under a stress scenario. These treasury instruments are all eligible for use as collateral in the Discount Window Facility with the Bank of England and inclusion in the Society's Liquid Asset Buffer.

Interest Rate Risk in the Banking Book (IRRBB) including Basis Risk

IRRBB reflects the current or prospective risk to both the earnings and economic value of an institution arising from adverse movements in interest rates that affect interest rate sensitive instruments, including gap (repricing) risk, basis risk and option risk.

The Society is exposed to interest rate and basis risk arising within the banking book, which result from different interest rate features, repricing dates and maturities of assets (mortgages and treasury investments) and liabilities (retail savings and wholesale funding).

The Society's ALCO monitors and manages this exposure. The following activities are affected by interest rate risk:

- fixed rate mortgage lending and fixed rate treasury investments
- fixed rate savings products and fixed rate wholesale treasury funding
- management of the investment of reserves and other non-interest bearing liabilities.

To manage fixed rate risk, the Society uses a combination of natural hedging (matching on balance sheet assets and liabilities with similar maturity dates) reserves hedging and interest rate swaps, reviewed at least weekly by the Treasury function.

Basis risk is the risk of divergence between several interest bases, such as SONIA (Sterling Overnight Index Average), which reflects the average interest rates that banks pay to borrow sterling overnight, and the Bank of England Base Rate. The Society manages its basis rate risk exposure mainly by setting limits against the relative exposures and carefully monitoring the positions.

The Society's interest rate related risk appetite is measured against:

- the economic impact of a variety of linear and non-linear interest rate scenarios over the life of the balance sheet
- the impact on annualised Net Interest Income (NII) of a 100bps interest rate shock on a static balance sheet over a 36m period and a 250bps shock over a 12m period.

Margin Risk

Margin risk is the risk of erosion between the interest rates charged to our mortgage borrowers and the interest rates paid to our savings account holders. The volatility in the current and future interest rate environment and the intensely competitive nature of the mortgage and savings markets have created margin pressures in 2024, which are expected to continue through 2025. This risk is managed closely by the Society, to ensure products meet Member expectations and quickly respond to market and pricing changes.

The Board considers the strategic risk of failing to generate sufficient margin and sets margin objectives within the Corporate Plan to mitigate this risk. The performance against these objectives is monitored closely by the Executive Committee and ALCO.

In 2024, the Society invested in technology, capability, product propositions and distribution. The enhanced capabilities created through this investment will ensure we are in the best position to meet Member expectations and secure a sustainable future for the Society in 2025 and beyond.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes or systems, human error or external events. Operational risk can arise across the whole business, with higher likelihood in periods of transformational change or other large projects.

The Society has a robust risk management framework with documented policies and Committees providing appropriate review and challenge. There are systems and controls in place to mitigate operational risks, the impact on operational resilience and the potential loss from incidents including data loss, fraud and cyber events.

The Society has a Management Risk Committee (MRC) which is chaired by the Chief Risk & Compliance Officer and comprises representatives of the Society's Leadership Team and members of the Risk and Compliance function. This Committee provides oversight to all the Society's operational risks. The Board is responsible for deciding whether it accepts any residual risk that exists after the application of these controls.

The Society has made further progress in 2024 in the identification and management of third party and outsourcing risks, in particular to assess and understand the impact on its operational resilience. Work will continue across operational risk subcategories in 2025 to consider evolving industry best practice. A calendar of Disaster Recovery (DR) tests and simulations is planned to support the operational resilience of the firm through 2025.

The Society developed an enhanced digital proposition in 2024 to improve the overall product offering and customer service levels. Work has been undertaken to consider the impact on the operational risk profile, including process mapping, business impact assessments and new risk & control registers, ensuring the new processes are appropriately controlled and resilient.

Process Risk

Process Risk is the risk of loss as a result of employees not adhering to appropriate procedures or processes due to errors and mistakes, a lack of training or unclear documentation. The Society has set up systems, controls and processes to ensure that any mistakes are identified and corrected to prevent a significant loss to the Society.

The Society recognises that inefficient or legacy processes present an elevated level of Process Risk. In order to address this, the Society has implemented an efficiency initiative called 'The Power of 200'.

Colleague engagement with this initiative has been high throughout 2024, with a steady influx of new ideas being submitted. As a result of the implementation of the ideas provided through the initiative, approximately 1600 hours and £70,000 have been saved across the Society, with ideas improving colleague and Member journeys, and resolving both historic and current errors.

Recognising the current challenging economic environment, communications have been provided to Members to advise them to contact the Society if they require additional support or if their circumstances change.

Legal and Regulatory Risk

This is the risk of fines, public censure, limitations on business or restitution costs arising from failure to understand or correctly interpret the law or regulatory rules. The legal and regulatory landscape is constantly evolving, and the Society has invested time and resource to ensure we meet the expectations of our regulators and build compliant processes to protect and support our Members. To further protect our Members' money when it is being transferred in and out of the Society, we have been involved with two new regulatory initiatives that will improve our Members' financial journey: Confirmation of Payee (COP) and the Authorised Pushed Payment (APP) Reimbursement Regime. Both of these initiatives provide extra rights and controls for Members to ensure money is being transferred to the intended destination.

Adherence to regulation is continually monitored by the Compliance team and our internal auditors with results reported monthly to the Executive and Board Risk Committees.

Conduct Risk

Conduct risk is the risk of developing systems, behaviours and attitudes within the business which may lead to Member detriment or unfair Member outcomes. A poor culture also risks creating an environment in which employee behaviour is not open and honest, which can result in reputational loss.

The ongoing challenging economic environment has heightened conduct risk through challenging trading and operating conditions and increased Member vulnerability. We have addressed these risks by focusing on ensuring fair outcomes are achieved for Members (including those in financial difficulty), increasing governance with more regular management meetings and Management Information, improving our operational resilience and increasing our fraud prevention monitoring.

Our commitment to fair Member treatment is demonstrated through our Conduct Risk Policy and adherence to Consumer Duty Requirements, and is monitored through our Conduct Risk Management Information which is regularly reviewed by the Executive and Management Risk Committees. The Society has also voluntarily signed up to, and adheres to the requirements of, the Mortgage Charter.

Cyber Security Risk

Cyber Security risk is the risk of damage or loss to the Society, its Members or employees, arising from cyber based attacks, including phishing, malware, ransomware and web based attacks.

The Society has implemented intrusion detection, protection and a distributed denial of service platform to protect its perimeter, as well as hardware and software firewalls, email monitoring, web filtering and system-wide monitoring to alert teams to any threats. All infrastructure is in a Tier III data centre.

The Society has significantly increased the number of colleagues working from home in recent years under a hybrid model, and underlying infrastructure and security measures are in place to support this. The Society undertakes annual penetration simulations provided by a third-party cyber consultancy partner. In an ever-changing IT environment, investment will continue in infrastructure controls, processes and cyber toolsets to ensure we can demonstrate to our Members we take the security of their data and finances seriously.

Pension Liabilities

The Group operates a Defined Benefit (DB) Pension Scheme which uses assumptions, based on the current and expected future economic environment, for the valuation of the Scheme's assets and liabilities. There is a risk the Group may see a deterioration in the scheme funding position and a reduction in capital if actual experience differs from assumptions made about future market and economic conditions. A deterioration in the Scheme's funding position could require an increase to cash contributions and may erode capital resources.

This Scheme provides pension benefits for a small number of pensioners and employees. It was closed to new entrants in 2000 and closed to future accrual in January 2017 - in common with many other schemes of this nature.

At the end of the year, the Scheme was in a surplus position based on the accounting valuation measure of £2.50m (2023: £1.57m surplus). The Society monitors possible future pension risk as part of the ICAAP process and ensures sufficient capital is held for any potential deterioration in the Scheme's funding position as a result of a stress.

Market Environment Risk

We anticipate that 2025 may continue to be a challenging marketplace for mortgages, retail savings and wholesale funding, due in part to fluctuations in interest rates, inflation and house prices. Added to strong competition and market demand for funding to repay TFSME in 2025, this may put additional pressure on our ability to manage Net Interest Margin. We are also ensuring we are prepared for the prospect of any further changes to the Bank of England base rate, whether upward or downward.

At present the geopolitical environment has had a limited direct impact on our business. However, it has added to the macro-economic challenges which may result in more Members facing financial hardship in future years.

Climate Change Risk

The Society is aware of the important global issue of climate change, and the impact it is having around the world. Given that around 20% of the UK's carbon emissions come from homes, we understand that our Society, along with the rest of the industry and the Government, has an important role to play in reducing these emissions.

The Society introduced the Climate Risk Management Framework in 2021 which is used to govern the Society's exposures to climate risk and establishes the process for understanding, managing and disclosing climate induced risks.

In 2022, we improved the data relating to flooding, on both our mortgaged properties and the Society's own estate, through assessing Representative Concentration Pathway (RCP) scenarios. This data is useful to analyse properties where the Society has accepted through the underwriting assessment that some flood risk exists, but where this risk may increase in severity in future due to climate change, potentially moving such risks outside of risk appetite. In addition to reviewing the risk on our mortgaged properties, we also assess the flood risk of our Head Office and branches.

In 2023, the Society launched its refreshed Environmental, Social and Governance (ESG) Strategy with an associated governing Committee to ensure we adopt environmentally sustainable practices to mitigate any negative environmental impacts. This strategy supports the orderly transition to a greener, net zero economy by 2050 or sooner and represents a commitment as to how we will operate in the future.

Throughout 2024, the Society has made further progress towards our ESG ambitions, including:

- Continuing to commit investment into 'Green' Heartland Projects
- Creating 'Green' Products which support our Members to improve the efficiencies of their homes
- Supporting Members to purchase energy efficient homes – our mortgage application process now includes a property's Energy Performance Certificate (EPC) rating in affordability assessments, making energy efficient new builds an attractive option for homebuyers
- Establishing our Scope 1 & 2 emissions to allow the Board to consider targets for improving our environmental impact
- Ensuring our new Branch footprint is kinder to the environment through using local and recycled materials and considering both our colleagues and Members during their design and implementation
- Launch of Cycle to Work and Electric Vehicle Salary Sacrifice Scheme, providing colleagues with alternative 'greener' travel options
- Continuing to make donations to our Heartland, delegating decision making to Branch Managers who better understand their local communities

Our Society premises all create carbon emissions, and we are committed to reducing our footprint across our premises and operations.

The Society has established our carbon footprint over Scope 1 and 2 emissions, with a benchmark for 2023 now set across Scope 1 and 2. This will allow us to set targets to improve our environmental impact, while supporting the development of our medium to long-term climate roadmap.

Reported emissions encompass the Green House Gases (GHGs) defined under the Kyoto protocol and are segmented into three main categories:

Category	Control	Source	Description
Operational Emissions			
Scope 1	Direct	Our Buildings	Direct GHG emissions that originate from assets that the society owns or control e.g. emissions from the combustion of gas in the heat branches of diesel consumption to run our company vehicles
Scope 2	Indirect	Purchased Electricity	Emissions from the generation of purchased electricity based on the average emissions intensity on the grids upon which consumption occurs, such as using UK Government grid-average emission factors.
Value Chain Emissions			
Scope 3	Indirect	Upstream and Down-stream activities	All the emissions associated, not with our Society, but the organisation it is indirectly responsible for i.e. from activities linked to the provision of products and services (predom-inantly from the third-party goods and services that we purchased).

The Society's recent baseline emissions based on 2023 data are summarised opposite:

This baseline will allow the Board to consider targets surrounding our Scope 1 and 2 emission reduction.

2023 Baseline Emmissions	Consumption	(t/CO2e)
Scope 1		
Diesel (litres)	815	2.1
Gas (kWh)	341,736	62.9
Scope 2		
Electricity (kWh)	383,340	74.1
Net Carbon Outurn		139.1

Conclusions

- Modelling of climate change impacts continues to be complex and uncertain. This is due to the longer-term time horizons over which the risks are expected to materialise and uncertainties around the timings and impacts of government climate policies.
- The Society continues to have limited potential exposure to physical risk under a high emissions pathway modelled over the next 30 years.
- More significant potential impacts have been observed through transition risks, particularly where properties are rated D or lower on their EPC and are therefore more exposed to potential changes in government policy for minimum energy ratings. The Society continues to consider what support it can offer Members to improve the EPC ratings of their homes.
- The Society undertakes climate related stress testing as part of the ICAAP to assess the impact from selected transitional and physical risks to the Society's lending portfolio. The 2024 analysis highlighted that there were no significant material capital add-ons required from the scenarios in question.

We are closely monitoring exposure to climate risks and factoring this into strategic decision making and policies where appropriate. We will continue to refine and enhance our scenario testing capabilities in future years as additional data becomes available and further industry good practice emerges.

Our People and Members

Recruiting and retaining high calibre people to help drive our business forward is critical to our long-term success.

It's equally important we continue to foster a nurturing and motivational environment that allows our people to succeed in their roles. We're continuing to invest in our people, and we've felt the benefits of this throughout the year in the commitment of our staff to our performance and our Members' needs.

We continue to operate a hybrid working model, and have reviewed and refreshed our core values and behaviours as part of our people strategy and brand redevelopment.

Community groups and charities that have been adversely affected by the cost of living crisis have been identified and in 2024, we awarded £32k in charitable and community donations as well as supporting Barrow Foodbank and running our Furness Community Awards Scheme.

Our collegues are allowed two days each year in addition to their holiday entitlements to spend with local good causes and charities. To mark Climate Day 2024, a team of twenty braved the elements and took part in a beach clean at Biggar Bank Beach, Walney Island, Barrow where numerous bags of waste were collected to restore the area back to its natural beauty. You can find out more about our charity and community efforts in our digital Members' Review booklet.

The Year Ahead

Since 1865, we've remained an independent and mutual Building Society, committed to our vision of meeting the needs of our Members. We are proud of our heritage and our purpose and remain dedicated to our heartland and local communities.

The past few years have presented many challenges. We've had to adapt quickly and adjust frequently but we've demonstrated a solid performance for our Members.

With the direction and support from our Board, the strength of our leadership team and the resilience of our entire workforce, we are focused on ensuring a firm future for our Members and our people, with significant investment in our digitisation, distribution network and Member proposition planned for 2024 and beyond.

- We'll continue to help Members own their own homes through quality mortgage products and our bespoke approach to lending through intermediary channels.
- We'll develop and deliver quality savings solutions and seek to provide a fair return on savings deposits, developing our savings proposition so that it remains relevant for current and future Members.
- We'll invest in continued improvements to our IT infrastructure, digitisation and the development of new channels of communication, internal and external.
- We'll strive to achieve sustainable and profitable growth as part of our revised Corporate Plan.
- We'll continue to invest in our distribution network for the benefit of our Members and our people.
- We'll ensure our brand values and Membership benefits are modernised and fit for our bright future.

We are safe, secure and well positioned to support our Members, as well as future generations of savers and homebuyers, just as we always have.

A Final Note from the Chair of the Board

Graham Berville

This Directors' Report tells of the progress of your Society in 2024. I am very proud of what has been accomplished during what has been a challenging year. The Society has continued to grow whilst remaining profitable as is discussed elsewhere in this report. Of particular note is the investment we have made in our branches and our digital proposition.

As a mutual organisation, owned by you, our Members, our aim is to pay a fair return to our saving Members and charge a fair price to our borrowing Members. We retain a surplus to keep our Members' money safe and to invest to improve services for our Members and the local communities where they live and work. We aim to increase the number of Members we can support, providing both financial resilience and help to buy or build homes.

During the year, your Directors have spent considerable time looking to the future and putting a new five year business strategy in place to continue to support our long-term ambitions. This will involve investment in our systems, branches and gaining a much better understanding of our Members. We continue to consider how we can play our part in the journey to net zero and this too is built into our plans.

I am proud to remain Chair of the Board and to serve the Society. As a Board, we will continue to focus on delivering benefits to you, our Members, and to our local communities as we move forward through 2025 and beyond.

Approved by the Board of Directors on 14 March 2025.

Summary Financial Statement

Directors' Remuneration Report

Our Remuneration Policy.

Attracting, retaining and remunerating talent.

Attracting, retaining and motivating talented individuals whose performance contributes to the success and stability of our business is critical.

The aim of our remuneration policy is to ensure our approach is suitably balanced. Its key principles are to:

Align to our Corporate Plan objectives for our overall growth and security.

Set total remuneration at a competitive level which rewards strong performance.

Provide a clear link to effective risk management consistent with risk appetite.

Meet regulatory standards and good corporate governance.

We also recognise our responsibility to protect Members' interests by spending money wisely and not paying more than necessary to attract candidates with the appropriate level of skills and experience.

Executive Director and Non-Executive Director remuneration

Executive remuneration consists of basic salary, variable bonus, pension contributions and other benefits. The Remuneration Committee reviews this annually on recommendation of the Chief Executive - and in the case of the Chief Executive, on recommendation of the Chair of the Board.

Summaries of the 2024 remuneration elements and packages are shown on page 30.

Non-Executive Directors are paid a fixed fee and there is an additional payment for the Chair of the Board and Committee Chairs. The level of the fee is based on external market data. The time commitment required in order to deliver their responsibilities within a regulated business environment is also considered. No bonus or variable pay is paid to the Non-Executive Directors.

Executive and Senior Leadership Bonus Scheme for 2024

Serving as an incentive to the achievement of corporate goals, our senior managers' bonus scheme is aligned to the business strategy. There are 9 key components and measures including 'financials', 'risk and control environment', 'broker and Member', 'people and culture' and 'delivery of key strategic projects'.

The specific financial measures contained in the bonus structure are:

- Profit
- Cost Management
- Balance Sheet Growth

Consulting our Members

We consider it best practice to hold an advisory vote on the recommendations contained within the Directors' Remuneration Report, although we are not required to do so. An appropriate resolution of this year's report will therefore be put to Members at our Annual General Meeting.

In 2024, 3901 (2023: 3978) Members voted, of which 3350 did so in favour of the Directors' Remuneration Report.

Summary of Directors' Remuneration 2024

Element	Link to Strategy	Operation	Performance Measures	Minimum and Maximum Payable
Basic Salary	Reflects level of accountability. Provides ability to attract and retain individuals through competitive but affordable rates of pay	Once set, future increases are linked to personal performance and peer group benchmarking.	Personal performance against the requirements of the role and the delivery of business and personal objectives.	Individuals developing in a role may be paid below market rate until they are fully performing. Adjustments may be made if a role changes significantly or moves out of line with the market.
Bonus	Linked to the delivery of annual business plan targets including shared strategic objectives.	Challenging, but achievable objectives are aligned with the Corporate Plan. The Chief Risk Officer provides assurance that the scheme design does not incentivise inappropriate behaviours.	Corporate measures for 2024 are: • Profit • Cost Management • Balance Sheet Growth • Risk & Control • Culture • People • Member engagement • Shared Strategic Objectives. Personal objectives are set by the Chief Executive and reviewed by the Remuneration Committee.	The bonus amount varies between 0% and 40% depending on performance against a number of specific measures, agreed by the Remuneration Committee. Payment of 50% of the award is deferred for three years. Deferred bonus payments may be withdrawn or adjusted in the following circumstances: a) participated in or was responsible for conduct which resulted in significant losses or regulatory consequences for the Society or relevant business unit or there is reasonable evidence of fraud, serious dishonesty or other wrongdoing on the part of the Bonus Recipient which would have resulted in the bonus not being paid had the Society known about it at the time the relevant award was declared; or b) failed to meet appropriate standards of fitness and propriety and/or engaged in any financial and/or non-financial misconduct Or where the Society has: c) suffered a material failure of risk management; or d) been required to restate its accounts to a material extent. If, as at the Initial Payment Date or the Deferred Payment Date, the Bonus Recipient is no longer employed by the Society, or either the Bonus Recipient or the Society have given notice to terminate the Bonus Recipient's employment, or the Bonus Recipient has taken a long-term career break there shall be no right to a bonus unless the leaver reason is by means of retirement or other leaver reasons such as death and redundancy.
Pension	Provides market competitive remuneration.	Pension contributions are on membership of the Society's Defined Contribution Scheme. Cash equivalent may be offered if requested.	Not applicable.	Matched contributions up to 10% of basic salary.
Benefits	To align Executive total remuneration broadly with the market.	The principal benefits are: • Life assurance, • Private medical insurance, • Company car allowance, • 6 month notice period, • Other benefits e.g. relocation assistance may be provided based on individual circumstances.	Not applicable.	Not applicable.

Executive Directors' Fees

2024	Salary	Discretionary Staff Award / Bonus	Taxable Benefits	Sub Total	Defined Contribution Scheme [2]	Total
	£	£	£	£	£	£
C M Harrison	263,901	95,004	30,178	389,083	-	**389,083**
T Leach [1]	41,212	-	4,875	46,087	3,884	**49,971**
L S Hamp	138,075	48,963	18,014	205,052	26,614	**231,666**
Total	**443,188**	**143,967**	**53,067**	**640,222**	**30,498**	**670,720**

[1] During the year, Tom Leach was appointed by the Society as Interim Finance Director and co-opted to the Board in October 2024. Tom will stand for appointment in our 2025 AGM but will step down from this role during 2025 once Laura Hamp has returned from maternity leave.

[2] Following the introduction of a salary sacrifice pension scheme in 2024, pension costs have increased due to changes in accounting treatment. Defined Contribution Scheme costs now include the total amount of salary sacrificed by the directors, which the Society subsequently contributes to the colleagues' pension.

2023	Salary	Discretionary Staff Award / Bonus	Taxable Benefits	Sub Total	Defined Contribution Scheme	Total
	£	£	£	£	£	£
C M Harrison	249,552	89,839	30,033	369,424	-	**369,424**
L S Hamp	152,708	55,800	17,810	226,318	11,383	**237,701**
Total	**402,260**	**145,639**	**47,843**	**595,742**	**11,383**	**607,125**

Directors are reimbursed for the costs of travel and other out of pocket expenses incurred whilst discharging their roles.

Non-Executive Directors' Fees

Name	2024	2023
	£	£
G. M. Berville	58,734	53,608
A. P. Haywood	39,906	34,967
P. A. McLelland	39,414	36,034
P. D. Rogerson	37,940	31,194
K. Ingham	26,434	-
D. J. Hosie	21,727	-
K. L. Rebecchi	13,289	37,941
N. J. Gower	11,610	35,121
Total	**249,054**	**228,865**

During the year Nic Gower and Kim Rebecchi both stepped down from the Board and were replaced by Karen Ingham and Diane Hosie.

Non-Executive Directors' fees include taxable travel expenses paid to attend the Society's Head Office, but do not include any reimbursement of other out of pocket expenses incurred whilst conducting the Society's business.

A. P. Haywood

Chair of the Remuneration Committee
14 March 2025

Summary Financial Statements

Summary Statements

Group Results for year	2024 £000	2023 £000
Net interest receivable	21,927	22,290
Other income and charges	352	11
Fair value gain	779	101
Administrative expenses	(19,114)	(18,069)
Operating profit before provisions and taxation	3,944	4,333
Impairment charge	(277)	(102)
Operating profit	3,667	4,231
Provisions for liabilities	4	(14)
Profit on ordinary activities before tax	3,671	4,217
Taxation	(889)	(1,018)
Profit for the financial year	**2,782**	**3,199**

Group Financial Position at the Year-End	2024 £000	2023 £000
Assets		
Liquid assets	288,273	215,000
Derivative financial instruments	6,928	10,564
Mortgages	1,092,482	1,072,056
Fixed and other assets	7,099	3,958
Retirement benefit asset	2,498	1,570
Total assets	**1,397,280**	**1,303,148**
Liabilities		
Shares	1,121,350	1,032,863
Borrowings	181,345	175,738
Derivative financial instruments	1,749	4,981
Other liabilities	4,809	4,372
Reserves	88,027	85,194
Total liabilities	**1,397,280**	**1,303,148**

Approved by the Board of Directors on 14 March 2025 and signed on its behalf by:
G M Berville, Chair

Summary of Key Financial Ratios

Summary of Key Financial Ratios	Group 2024 %	Group 2023 %
Gross capital as a percentage of shares and borrowings[1]	6.76	7.05
Free capital as a percentage of shares and borrowings	6.60	6.94
Liquid assets as a percentage of shares and borrowings[2]	22.13	17.79
Profit for the year as a percentage of mean total assets[3]	0.21	0.25
Management expenses as a percentage of mean total assets[4]	1.42	1.42

Profit after tax (£m)	**2.78**	**3.20**
Share and deposit balances (£m)	**1,302.70**	**1,208.60**
Mortgage balances (£m)	**1,092.48**	**1,072.06**

Notes

1. The gross capital ratio measures the proportion that capital bears to shares and borrowings. Gross capital constitutes the reserves and subordinated liabilities shown in the Statement of Financial Position and includes the profits accumulated since the Society's formation in 1865. Capital reserves are financial resources owned by Members and are liabilities which are not repayable. Capital provides a financial cushion against possible adverse market conditions in the future and therefore protects Members and investors.

2. The liquid assets ratio measures the proportion of the Group's shares and borrowings which are held in the form of cash, short term deposits and securities which can be readily converted into cash. Liquid assets are maintained at a level which enables the Group to meet requests from investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business.

3. This ratio measures the proportion which profit after taxation for the year bears to the average balance of total assets during the year. The ratio is similar to a company's return on assets. The Group needs to make a reasonable profit each year in order to maintain its capital ratios at a suitable level to protect investors.

4. The ratio of management expenses as a percentage of mean total assets measures the proportion which administrative expenses (which include depreciation and amortisation) bear to the average balance of total assets during the year.

Furness®
Building Society

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