

Annual Report & Accounts 2025



Saffron
Building Society

For years
to come...



The Society's coat of arms was designed by H. Ellis Tomlinson, the then Heraldic Advisor to the Building Societies Association, and granted by the Kings of Arms in 1983.

Amongst the symbols featured are three saffron flowers signifying the town of Saffron Walden, Saxon swords from the shield of Essex and a castle tower symbolising an 'Englishman's home'. The shield itself represents security, and the brick masonry design shows our role as a building society.

The coat of arms is a proud reminder of our heritage and still reflects our commitment to serve members and local communities for years to come.

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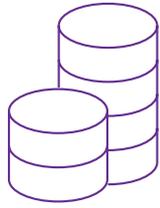
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Our 2025 Highlights



Profit Before Tax
£0.3m



Colleague Volunteering
2,000 hours



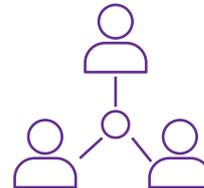
Total Capital Ratio
17.8%



Total Assets
£1,544.8m



Gross Mortgage Lending
£289m



Staff Engagement
8.6



Number of Branches
9
including new Braintree
location



Industry Awards Won
5



Chair's Welcome

Mark Preston



I am looking forward to meeting as many members as possible at our AGM on 24th April. Following very positive feedback received on last year's meeting, I'm pleased that the AGM will be held in person at Duxford Imperial War Museum. My Board colleagues and I welcome the opportunity to share Saffron's progress with members and answer any questions you have about the running of your Society.



Welcome to Saffron Building Society's 2025 Annual Report & Accounts.

The Society performed well over 2025, achieving a record year of mortgage lending, growing savings balances by over £100m and continuing to offer high levels of service and support to you, our members.

In my report last year, I explained that I had been impressed by the energy and focus of Saffron colleagues to deliver excellent service. I also outlined the changes that I had made to the Board to support the ongoing success of the Society into the future. One year on, the Board and Management team have come together to set out the journey of transformation that the Society will navigate through 2026 and beyond.

Many of the foundations that support this degree of change have already been laid. The Management team have completed a detailed assessment of the change to be delivered, and additional resource has been brought into the Society to support this, including the appointment of a Chief Transformation Officer.

Over 2026, the Society will further invest in our banking systems to ensure that we can continue to offer members and brokers the service, and speed that you demand, whilst ensuring that we continue to provide the personal service that you enjoy. As member, customer and broker expectations develop, it is likely that enhanced investment in digital platforms and services will become a consistent theme over future years. Whilst digital transformation is vital, we also recognise that many of our members continue to value the in person contact that they have with the Society. I was therefore delighted that the Society has opened in Braintree, our first new branch in over ten years and the first that we have co-located in partnership with Essex libraries. We will be monitoring the success of this venture to determine whether we expand this partnership further in years to come. Trading conditions in 2025 were as tough as we anticipated they would be. Competition for mortgage lending, coupled with reductions to Bank Base Rate, meant that market mortgage

rates reduced faster than market savings rates, which were propped up by firms needing to raise additional funding to repay the Bank of England Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) introduced during the pandemic, and more recently by speculation regarding Cash ISAs.

These conditions put downward pressure on margins, but despite this, the Group delivered an underlying profit before tax of £3.8m for the year. Statutory profit before tax of £0.3m was depressed by a combination of generally timing related accounting adjustments that are outlined in the Strategic Report.

As Colin, our CEO outlines in his report, it is highly likely that trading conditions will become more challenging, the result of increasingly fierce competition in an economic environment that will likely remain difficult. Alongside this, the Society must continue to invest and develop in capabilities that are increasingly demanded by customers in the market that it serves. The combination of external headwinds and pressures to transform the business will place additional financial pressure on the Society and indeed on other firms competing in this sector. The Society has a robust strategy to navigate these headwinds, and the Board will be supporting the Management team and overseeing execution of this strategy.

I wish to share my thanks to our CFO Maurice Mills who, following a period of illness, decided to step down from the Board to spend more time with his family. Maurice joined the Society in 2017 and made a huge contribution to the Finance team and wider Society, progressing to the role of CFO in 2023. With Maurice stepping back, we've been fortunate to welcome Lara Banjo as our interim CFO and I am pleased that she has agreed to be appointed permanent CFO from 1 January 2026. I would also like to share my thanks to Jaz Saggi, who is stepping down from the Board at the AGM.

I would like to take this opportunity to extend my heartfelt thanks to all our members for their unwavering support and trust in the Society. Your continued loyalty and engagement are the cornerstones of our success, and we remain committed to serving you with excellence in the years to come.

Mark Preston
Chair



Chief Executive's Report

Colin Field



The ability to make decisions in the best long-term interests of our members is what helps set Saffron apart from other financial services firms. My colleagues and I never forget who owns this business and whose benefit it is run for: our members, for years to come.



During 2023, the Society developed a strategy entitled 'For Years to Come', which encompassed members, colleagues, community, and our broader environment. In last year's report, I outlined the progress made and 2025 has seen further delivery on this strategy. Key projects have included expanding our branch network to meet our members' needs, developing new products for our mortgage customers and building the technical resilience of the Society.

Our members are the most important people in the Society's business model and every decision that we take is made with our members' interests in mind. I want to emphasise our unwavering commitment to providing exceptional service to our members which is reflected in member satisfaction reaching an amazing 97.9% in 2025, up from 89.4% in 2024. Members have particularly told us how much they value our customer service and branch environment. During the time that I have been at the Society, my colleagues always aim to help members achieve their goals and this has translated into the purpose and vision of 'money-happiness' that has been a focus of the Society for a number of years.

During June, we ran our third Members' Month where we invited our members to take advantage of various activities and initiatives designed to reward them for their loyalty to Saffron. This included prize draws, branch events, a celebrity Tea Party hosted by Channel 5's Dan Walker, and a regular savings account paying 8% gross p.a./AER.

Being a mutual, our community is a fundamental part of our culture and, 176 years after being founded by the Reverend John Marten, the Society is still an integral part of the regional community. Over the past year, our colleagues have volunteered more than 2,000 hours for good causes in their communities, a contribution that we are looking to continue to grow in 2026.

Our Community Link, discussed on page 25, was used for 1926 hours by charities, not-for-profit and community groups during the year, allowing them to focus their resources on supporting the causes they hold dear. We have surpassed £1m in our endowment fund with Essex Community Foundation. The Saffron Community Fund is now poised to provide approximately £50,000 in community grants each year, in perpetuity.

As a financial services business, we are committed to sharing our financial expertise with the community and have continued to grow the provision of financial education through our long-standing partnership with Wizeup with delivery to 10 local schools over the year. Additionally, we have partnered with Money Ready in Essex to support financial education for young people leaving care, a group that often slips through the net of financial education provision.

Although most of our members are savers, we also continue to support our mortgage members with their service needs and help if their circumstances change. All our mortgage members have been introduced to us by their mortgage broker or financial advisers, and we continue to make improvements to our service to this group. We regularly seek feedback from our brokers and satisfaction ratings increased to 89% in 2025 with brokers highlighting improved communication as a key driver of this.

The whole Society was thrilled to once again win Mortgage Provider of the Year at the MoneyAge Awards as well as Mortgage Lender of the Year at the Mortgage Introducer Awards and Specialist Lender of the Year at the Mortgage Awards. On the savings side, we were very proud to receive Best Children's Savings Provider at the Personal Finance Awards, underlining our commitment to helping young people get a good start with their own money happiness.

The Society has continued to trade well over the year growing both mortgage and savings balances. Competition for savings has driven up rates during the year as many financial institutions have sought to raise funding from savers to repay government lending. These elevated rates are expected to continue into 2026. Competition for mortgages has driven down rates during the year, and both these factors, whilst positive for members, has resulted in margin compression for the Society.

Inflation, whilst slowly reducing, is still higher than Bank of England targets putting further pressure on the prices that consumers, and the Society, must pay. All our costs have increased, including charges levied by third parties, employment costs that have increased to maintain real wages, and higher taxation rates, in particular employers' national insurance.

Arrears and consequent impairment continue to be at a low level; a credit to our underwriting decisioning and the additional prudence that was

implemented by regulators following the global financial crisis.

2025 has seen a greater level of wider economic uncertainty driven by the conflicts in Ukraine and the Middle East as well as the imposition of tariffs from the US government. Global markets have fluctuated significantly at times and this uncertainty has resulted in a reduction in the fair value of the Society's unmatched assets and liabilities.

Bringing all this together, whilst the underlying profit for the year has remained healthy at £3.8m, statutory profit before tax has reduced to £0.3m. This is discussed in more detail in the Strategic Report on page 12.

Developments in the year

We recognise that our members want a range of options of how to do business with us, whether that is at physical branch locations, online or over the telephone. Our branch network is important to all our members and, at a time when many of our competitors are reducing their presence on the high street, we opened a new branch location in the Braintree library. This project was completed in partnership with Essex County Council and will enable us to service our new and existing Braintree customers in this popular location. Further similar expansion opportunities are under consideration for future years.

During the year we replaced and expanded our data infrastructure and tools, which is a key project to enable the Society to better understand customer needs, improve decision making and develop better propositions for members. Additionally, we improved the technical resilience of the Society with the replacement and upgrade of all our infrastructure.

In total, we delivered 26 projects to improve service, meet regulatory compliance and improve internal capability. This activity underpins the development of our Society, and I want to thank all our colleagues involved.

The year ahead

At the Society, we remain cautiously optimistic. As a niche lender, we believe that we can leverage the momentum we have built to continue to grow our lending over the coming year. We also believe that we can continue to build our savings balances, supported by our expanding branch network and savings propositions. Despite this, we anticipate that the pressures we have seen on margins will

continue as competition intensifies.

We will continue to develop our strategy and supporting business model, progressing our multi-year IT transformation under the governance of the newly formed Transformation Committee to ensure our systems remain fit for the needs of our members.

The transformation includes awarding the contract for the new mortgage origination platform, agreeing the implementation roadmap and commencing the first phase. We will complete the migration of our core banking platform to the cloud and upgrade to a newer version, enabling integration with other platforms. Our data hosting platform will be advanced to deliver richer business insights while decommissioning legacy data capabilities to reduce technical debt. Copilot, Microsoft's AI assistant, will also be rolled out as a structured change programme to safely drive productivity and operational improvement.

This enables us to offer a greater range of products and respond more quickly to changes in the market, as well as providing greater technical resilience.

I hope that this report provides you with insight into what we are doing to develop your Society, and I would like to thank all my colleagues for their energy, skill, and commitment, as well as you as members, for your continued support.

Colin Field
Chief Executive Officer

Our Awards Cabinet

We are always delighted when our hard work is recognised by members and industry professionals. During 2025, we were thrilled to receive the following awards for our mortgage and savings products:

MoneyAge



Mortgage Provider of the Year

The Mortgage Awards



Specialist Lender of the Year

Personal Finance



Best Children's Savings Provider

L&G Mortgage Club

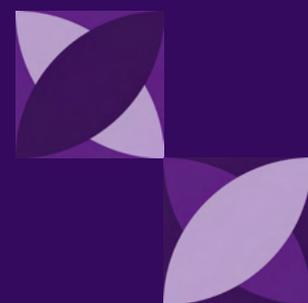


Best Small Lender - Up to £100m

Mortgage Introducer



Mortgage Lender of the Year



Strategic Report

Strategic Highlights 2025

- Progress with 'For Years To Come' corporate strategy to deliver long-term member value
- Strengthened Board and Executive Team
- Record savings & mortgage balances, supported by strong pipeline of New Product Development
- High customer satisfaction and colleague engagement scores



Introduction to our Strategic Report

Building your Society, for years to come

Since 1849, Saffron Building Society has been dedicated to helping people achieve two fundamental financial goals: owning their own home and providing a secure place for their savings. Our vision of creating ‘money happiness’ means empowering our members to feel confident, positive and in control of their finances, helping them to achieve their life goals. This vision, which remains as relevant today as it was over 175 years ago, is the guiding force behind everything we do.

As a mutual business, we do not make dividend payments to external shareholders; instead, our profits are reinvested into the Society for the long-term benefit of our members. We believe this model delivers better value and more positive impact for customers, colleagues and the wider community. Mutuality allows us to make the right long-term investment decisions while returning surplus profits to our members through improved products, rates and services. These mutual benefits are measured in numerous ways, such as the higher savings rates Saffron pays compared to the market average and the impressive levels of customer satisfaction recorded across all areas of the Society’s operations.

However, we recognise that the world is changing at an ever-increasing pace: new technology, lifestyles and environmental concerns present both challenges and opportunities to our business. To thrive in the future, Saffron must anticipate what members need for years to come and adapt to new ways of working which are driving significant change in the financial services sector. We call this our ‘For Years To Come’ strategy, emphasising the long-term outlook the Society takes and the key decisions needed to sustainably grow in the future.

The Society’s Board and Management set the strategic direction for the business and carefully monitor our implementation and ongoing performance. The Strategic Report outlines our financial performance, transformation progress, and future priorities, ensuring we continue to serve our members with fairness, integrity and a commitment to our mutual status.

About Saffron

The Society offers a wide range of award-winning savings products suitable for personal customers (including children), small businesses and community groups. Our proposition is rooted in consistent, long-term value that our savers can trust and spans instant access, fixed-rate bonds, tax-free ISAs, notice accounts and regular savers. We offer a choice of service options including through our network of 9 branches across three counties (in Essex, Suffolk and Hertfordshire), over the phone, by post and online. Through a network of partner organisations, we offer financial advice, annuities, funeral planning, estate planning, inheritance tax planning and whole-of-market mortgage advice. Saffron is renowned for offering good value and excellent personal service: in 2025 the Society paid an average savings rate 0.51%* higher than market average, creating value for our members. This equates to £7.6m additional interest paid to members than if the Society had offered the market average savings rate. Our members recognise this, with the Society being rated as Excellent (4.5/5) on Trustpilot.

In the mortgage market, Saffron lends on prime residential and rental housing stock through a respected and growing network of intermediary broker partners to meet a wide range of borrower needs, including those with more complex incomes or requirements. These include residential owner-occupier products (including first-time buyers, contractors, young professionals and the self-employed), self-build lending, property development finance and buy-to-let mortgages. The Society’s team of expert and highly experienced underwriters can assess borrowers that are not well catered for by larger lenders, including expats, first-time landlords and older borrowers. In each case, the Society’s philosophy is to consider individual circumstances, apply common sense and provide a personal, reliable service to borrowers and their brokers. The result is a strong reputation in the market, with Saffron winning four major mortgage industry awards in 2025 including Money Age’s Mortgage Provider of the Year.

* Average savings rate data sourced from www.caci.co.uk



Our Strategy

Our Purpose and Strategy

We recognise the importance of being clear with all our stakeholders on the strategic direction of the Society and the long-term priorities set for the business. Each year the Board reviews Saffron's strategy to ensure it is still relevant within wider economic, regulatory and competitive contexts. The strategy articulates the business deliverables (sometimes referred to as 'the what') and sets the expectation on the way Management will achieve these goals through our people ('the how'). Saffron's Strategy Wheel brings these important elements together in a simple, visual way so all stakeholders can understand it.

Saffron was established over 175 years ago to help people save for the future and buy their own home, two important foundations for a happy and secure life. Today, we describe Saffron's Purpose as creating 'more money happiness, for more people'. Fundamentally this means helping people to feel confident, positive and in control of their money – so they can get more out of life.

Whether that's saving a small sum regularly to provide a nest egg for their children, speaking to a financial advisor to understand inheritance planning, or borrowing money to build their dream home, Saffron's flexible products and expert service mean everyone can experience Money Happiness.

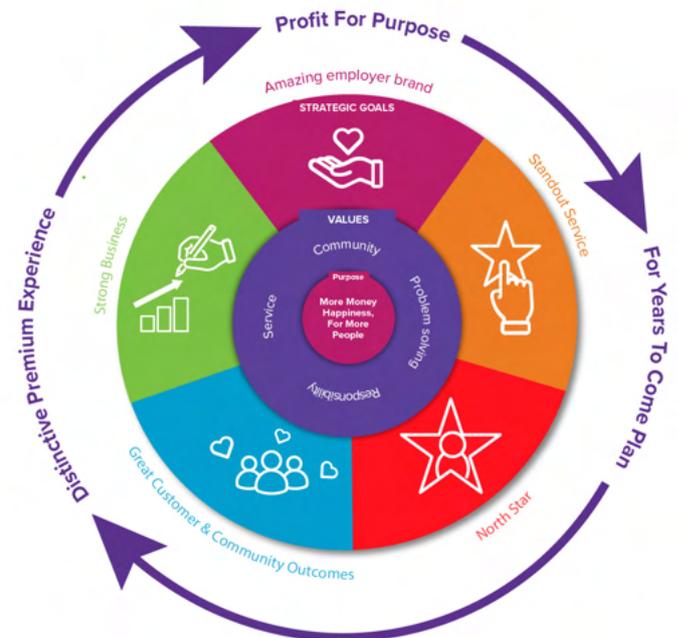
That's why Money Happiness sits at the centre of our strategy; it's the driving force behind everything we do and guides the right long-term decisions for our business and you, our members.

Strategic Goals

Strategic goals are important to describe what the Society is expected to deliver each year. They are:

- Strong Business - running a strong business that is a safe and secure place for members to benefit from throughout their lives.
- Amazing Employer Brand - creating an amazing employer brand that people are proud of and motivated to work for.
- Standout Service - offering our members a service which meets and exceeds their expectations, so that they love dealing with us and recommend us to others.

- North Stars – being clear what type of customers we can serve well with our product range, staying close to their needs and ensuring we meet those needs into the future.
- Great Customer & Community Outcomes – demonstrable, tangible benefits delivered to our members and the wider community.



Finally, the outer circle describes the outputs from our business which ultimately help create 'more money happiness for more people':

- Profit for Purpose – although we don't have external shareholders to satisfy, we aim to make a fair profit each year. This is important for financial strength and ongoing investment for our members, colleagues and communities.
- For Years to Come Plan – our programme of mutual benefits, funded by some of the profits we make. This includes administering causes like the Saffron Community Fund and loyalty rewards for our members.
- Distinctive Premium Experience – we want Saffron to look and feel different to our competitors, so we invest in a brand experience that is suited for our North Star customers and meets all their needs (e.g. digital and personal touch channels).

Our Values

Saffron is a business built on the dedication and skill of our people. Money Happiness comes to life through our values, which shape the behaviours we expect our colleagues to demonstrate every day when working at the Society. Our people are trained to use our values and behaviours in their work and performance reviews refer to them when assessing how colleagues have delivered in their roles each year.

Responsibility

Members trust the Society with the financial things that matter most: their homes and their savings. The Society repays this trust by always acting with the highest level of responsibility, taking care to get things right, and always acting in members' best interests.

Problem Solving

Money happiness flourishes when problems are solved. That's why everyone at Saffron is focused on solving problems with skill, knowledge and empathy. Big or small, every challenge is an opportunity to create more benefits for members.

Service

Great service leaves people feeling valued and understood. It can't be faked - it comes from within and is something the Society expects its people to demonstrate in every role.

Community

The Society is inspired to leave a legacy in the communities it serves. By building connections with local groups and nurturing relationships that last generations, the Society aims to be an integral part of our members' communities for years to come.

Our Behaviours

Building Connections

We're inspired to leave a legacy for our communities and each other. We are, we belong. It's what makes us shine. We nurture relationships that are built to last.

Building Solutions

We're creating a culture that's ready to challenge. We don't mean by being rebels, but staying curious and one step ahead. We think on our feet to solve the problem, and if we don't know the answer, we'll find someone that does.

Building Trust

With trust, comes responsibility. We don't mean taking on the world, but taking real ownership of everything we do, so when a problem comes calling, we answer it.

Building Excellence

We're committed to giving our best, our ultimate-true-feel-it-in-your-heart beat. We don't mean never making mistakes, but keeping it real by learning, respecting and growing together. As one team, the way we treat each other sets the tone for how we treat our members.

Mutuality & Our Members

Without external shareholders, Saffron is able to focus entirely on the needs of our current and future members, taking long-term decisions to generate value for members and their communities.

Our Business Model

Our business model is simple, resilient and sustainable. With no external shareholders, we can focus on serving the needs of our members and reinvesting profit back into the business and wider community. We call this 'profit for purpose'.

Where our funding comes from

- The majority of our funding comes from retail savings accounts; members save their money into our accounts offered in branches, online, over the phone and through the post.
- We also offer deposit accounts to small businesses, community groups and other corporate bodies through branches, online and via savings platforms.
- Sometimes we raise additional funding from wholesale markets. This provides diversification and prevents over-reliance on any one source of funding.
- The Society holds capital in reserve, made up mainly from retained profit in previous years. This capital provides financial resilience to grow and protect us in case we need to fund the business in the event of losses or other unforeseen circumstances. That's why earning profit is important for the Society to strengthen our future resilience.

How we use our funding

- We lend money to customers to buy residential property for owner-occupier and buy-to-let homes, as well as to customers wishing to build their own homes using a self-build mortgage.
- Our lending strategy is to target specific segments of the mortgage market that align to the Society's risk appetite and underwriting strengths whilst commanding strong margins. This is to ensure we generate mutual value: for the borrowers we serve, the wider membership and the business as a whole.
- Common with other building societies, we hold cash and Treasury Investments. These are known as High Quality Liquid Assets and ensure we are able to cover all our liabilities when they fall due. The minimum amount required is prescribed by our regulator to provide stability and security for our members.
- We also lend a smaller amount to professional property developers through our commercial development finance products.

How we earn our income

- We earn most of our income from the difference between our funding cost and our lending yield.
- A small proportion of our income is earned through non-interest business lines, such as commission earned through third party referrals and fee income.
- The interest we receive from borrowers is offset by the interest we pay our savers, with the remainder being our net interest income. This is used to build the Society's capital strength, invest for the future, cover our running costs (e.g. wages, buildings, etc.) and cover losses and volatility due to day-to-day changes in accounting fair value.

How we spend and invest

How we manage our business for years to come

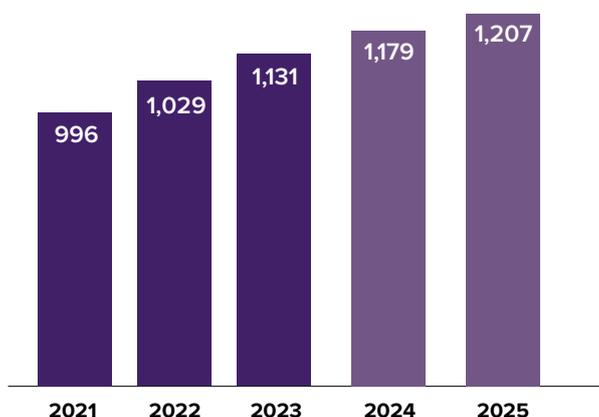
- We aim to be an employer of choice, and invest in our business through reward and remuneration policies that are designed to attract and retain talented people we need to achieve the Society's goals.
 - We are mindful of the need to evolve our business into a modern, flexible and resilient business that takes advantages of the latest technology and expands our reach through more distribution points. This is an area of investment for the Society in the immediate term.
 - Although we do not have external shareholders to satisfy, cost management is important to protect the business in the long term and ensure we are generating maximum value for members. The Society aims to improve our cost efficiency on an ongoing basis whilst delivering on our strategic objectives.
 - As a mutual, the Society takes a long-term view of our business and operations. We aim to generate profit for purpose, building a stronger business that can help more members achieve their Money Happiness.
 - To do so, we carefully monitor the business performance and risks on an ongoing basis, using a variety of robust systems, frameworks and expertise under a good governance regime that has members' interests at the forefront.
-

Financial Review

As a mutual organisation, Saffron Building Society is owned by our members and does not have external shareholders. While profit is an important element of running a sustainable member-owned business, it is only one of a number of financial measures that the Board considers. Some of these measures are outlined below. Further details on these and other measures can be found on the following pages.

Mortgage Balances

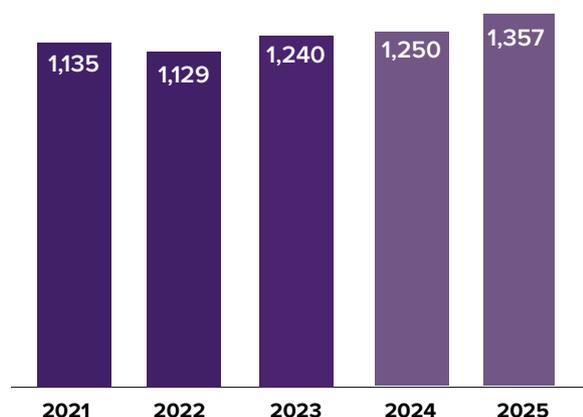
(£ million)



We achieved gross lending of £289m to mortgage customers (2024: £244m) with net lending (new lending net of redeemed mortgages) of £62m (2024: £47m).

Savings Balances

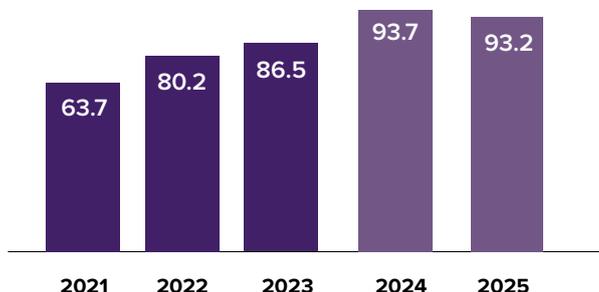
(£ million)



We increased savings balances by £107m in 2025 (2024: £10m) to fund the repayment of £100m of Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises (TFSME) debt and grow lending.

Regulatory Capital

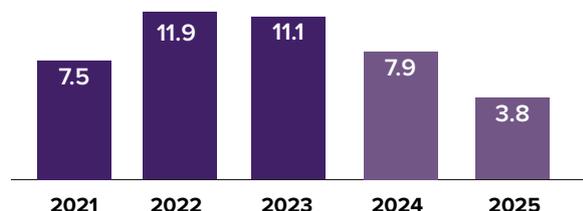
(£ million)



A £1.5m contribution to the pension scheme was made during the year reducing Regulatory Capital.

Underlying profit before tax

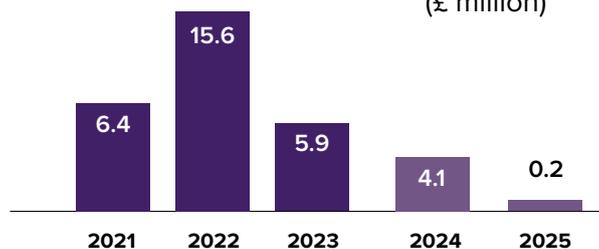
(£ million)



Reductions in underlying profit before tax reflects the reducing base rate environment compounded by competitive margin pressure and transformation costs.

Statutory Profit after tax

(£ million)



Profit after tax was heavily impacted by the volatility of the external economic environment, impacting the value of derivatives not accounted for as hedging assets such as the mortgage pipeline with £3.5m of fair value adjustments (see Note 28).

Key Performance Indicators

The KPIs adopted throughout 2025, with comparison against 2024, are presented in the table below, together with explanatory comment to follow on the corresponding pages.

	2025	2024
Trading performance		
Gross mortgage advances	£289m	£244m
Total mortgage balances	£1,207.5m	£1,178.5m
Total savings balances	£1,356.8m	£1,250.3m
Colleague experience		
Engagement	8.6	8.5
Member experience		
Member net promoter score	85.6	58.9
Member satisfaction	97.9%	89.4%
Broker net promoter score	53.2	55.3
Broker satisfaction	89.3%	87.7%
Financial sustainability		
Underlying profit before tax	£3.8m	£7.9m
Net interest margin	1.88%	2.02%
Management expenses ratio	1.58%	1.46%
Common equity tier 1 ratio	15.3%	15.1%
Total capital ratio	17.8%	17.6%
Liquidity coverage ratio	194%	177%

Key Performance Indicators: 2025 Performance vs Target

Measure	Explanation	2025 performance	Trend compared with 2024
Gross mortgage advances	Our lending policy and underwriting criteria are designed to ensure lending is responsible and affordable. Each year the Board approves a lending plan in line with risk appetite, anticipated demand for the Society's lending products and as part of broader capital management strategy. In line with the Society's long-term growth plan, a target of £280m was set for 2025, with actual performance exceeding this.	Total advances of £289m - exceeding 2025 budget of £280m.	↑
Total mortgage balances	The total size of the Society's mortgage assets. The Group needs to maintain a quality mortgage portfolio to generate sufficient income to meet demand from members, whilst taking into account associated capital requirements. Total mortgage balances were slightly below target as competitive pressures, alongside a high level of maturing assets, saw increased mortgage redemptions during the year.	Mortgage asset increased since 2024 though below plan £1,226.2m at £1207.5m.	↑
Total shares & customer deposits balances	The Group is largely funded by retail shares and customer deposits. The Society was successful in growing our savings balances to fund the TFSME repayment in 2025 and support mortgage book growth.	Growth in balances to £1,356.8m below plan of £1,400.1m.	↑
Engagement	The Board strives to make Saffron a great place to work with high levels of colleague engagement, motivation and wellbeing. A regular survey of all employees measures multiple aspects of employee satisfaction as well as overall engagement. The Society's long-term goal is to achieve engagement in the top 10% of financial services firms. The Society has achieved this goal in 2025 with a score of 8.6.	Score of 8.6 - in line with target.	↑
Member net promoter score (NPS)	This is a measure of how likely our members are to recommend the Society to others and reflects their satisfaction with our service to them. It is measured as the difference between the number of members who would recommend the Society (promoters) and those who would not recommend the Society (detractors). Creators of NPS, Bain & Company, suggest a score above 0 is good, above 20 is favourable, and above 50 is excellent. As a Society, we target a score of over 35. The Society has worked hard to improve our net promoter score in the face of reducing savings rates. Throughout the year the Society asks a random selection of members to complete a NPS survey via an independent research company (Smart Money People) to ensure we are monitoring how members are feeling about Saffron.	An NPS of 85.6 was achieved across the year ahead of target of 35.	↑
Member satisfaction	The Society always seeks to serve our members through the delivery of good value products with a consistent high level of service. Customers visiting the branches, using our phone-based services, or transacting online, are requested to provide feedback on their experience with the Society. The score is an average of all customer ratings, and we target a score of more than 85% customer satisfaction.	Score of 97.9% ahead of target of 85%.	↑
Broker net promoter score (NPS)	This is a measure of how likely our brokers, who act as intermediaries for new mortgage customers, are to recommend the Society to others. It represents the difference between the number of brokers who would recommend the Society (promoters) and those who would not recommend the Society (detractors). Our target is to exceed an NPS score of 35. In 2025 brokers have told us how much they value direct contact with our business development managers and underwriters.	A score of 53.2 was achieved across the year ahead of target of 35.	↑
Broker satisfaction	The Society aims to build good relationships with mortgage brokers and regularly survey those with whom we have done business. Our target is to exceed an 85% satisfaction rate and our score reflects the value that the brokers place on our communication and interaction.	Score of 89.3% ahead of target of 85%.	↓
Underlying profit before tax	This represents the amount earned by the Group after taking into account all expenses and provisions excluding one-off expenses, net movements in the fair value of assets and liabilities, and taxation. Profits are the principal source of capital for the Group. Underlying profit is behind target for the year due to the competitive environment and reducing interest rates compressing margins.	Underlying profit before tax of £3.8m compared to budget of £6.7m.	↓

Measure	Explanation	2025 performance	Trend compared with 2024
Net interest margin	This is the net interest receivable by the Group as a percentage of the average total assets in the year. It needs to be sufficiently high to generate a profit while providing consistent, competitive and fair rates to members. Net interest margin reduced during 2025 primarily due to the decreasing product margins reflecting the reducing interest rate environment.	Net interest margin of 1.88% is higher than the target of 1.84%.	
Management expenses ratio	Management expenses comprise administrative expenses and charges for depreciation and amortisation. They represent the costs of running the Group business. This ratio measures these costs as a percentage of the average total assets in the year and is an indicator of efficiency. The cost base of the Group has increased in 2025 due to inflation and investment. The Group seeks to offset the increase in expenses through profitable growth.	Management expense ratio of 1.58%, which is higher than target of 1.35%.	
Common equity Tier 1 ratio	Growing the Group's capital strength relative to our size is a key element of the Board's strategy. Common Equity capital is the highest quality capital available and, for the Group, primarily comprises accumulated profits held in reserves. This ratio represents Common Equity capital as a percentage of risk-weighted assets. The Board seeks business growth to be balanced with maintaining this metric substantially above regulatory minimums. In 2025, the metric improved because capital accretion exceeded the additional capital required by the business growth. Our transformation strategy, coupled with continued growth in lending, is likely to reduce this metric slightly over the near-term.	15.3% which is marginally below budget of 15.7%.	
Total Capital Ratio	Total Capital Ratio represents the amount of total regulatory capital available to the Group as a percentage of our risk-weighted assets. This ratio includes both Tier 1 capital (Common Equity Tier 1, CET1) and Tier 2 capital. For the Group, Tier 2 capital includes general provisions and subordinated instruments. The Total Capital Ratio increased to 17.8%, reflecting the same capital accretion as the Common Equity Tier 1 ratio.	17.8% which is marginally below budget of 18.1%.	
Liquidity coverage ratio	This ratio represents the regulatory assessment of liquidity adequacy. Liquidity is maintained throughout the year at levels necessary to fund lending, repay Bank of England facilities and exceed regulatory requirements. The Group operated significantly above these requirements throughout the year.	194% was above the regulatory minimum of 100%.	

Sustainability Report

Looking back over the past year, we are delighted to share our Sustainability Report, showcasing our steadfast dedication to responsible and sustainable practices.

In prior years, the Society has adopted a mutuality-based approach to sustainability, focusing on our positive impact across ESG issues. Our mutual business model allows us to balance profit and purpose for the long-term benefit of key stakeholders.

The Society maintains that prioritising the long-term effects of its actions fosters superior decision-making, stronger outcomes, and a more sustainable organisation for the future. In the previous year's report, our detailed advancements across the three ESG pillars reaffirmed our commitment to enhancing ESG reporting to provide greater transparency regarding our impact in these areas.

ENVIRONMENT

The Society recognises a responsibility to address global climate change, in line with regulations and feedback from members and colleagues. As a small lender, we acknowledge the environmental impact of our housing stock and operations. For several years, the Society has worked with Groundwork East, who help manage and monitor our environmental impact and ESG strategy.

2025 Highlights

- We achieved a Silver Award from the Carbon Charter panel.
- We have switched to 100% renewable grid electricity tariffs.
- The meeting pod in our Braintree branch uses LED strip lighting powered by PIR (passive infrared), fan air circulation is also powered by PIR.
- The timber materials used in the construction of the booth and counter are all FSC sourced and fully recyclable, the foam and fabrics are low carbon products and again fully recyclable. The panel used on the front is manufactured from recycled ocean waste.
- We used a local signage company (Ipswich) rather than existing one based further north.
- Some 6,550 customers will travel shorter distances to get to their local branch in Braintree now.

- We utilise recycling in partnership with Braintree library.
- Replacement of the 40-year-old boilers at head office with an electric air-to-air HVAC system which has significantly reduced our natural gas emissions.

In 2025, emissions reduced to 315 tCO₂e which is an impressive reduction of 21.7% since 2023. It is worth highlighting that this figure includes the reduction of our natural gas emissions which has reduced by 94.3% since the previous data capture.

We are pleased to announce that the Carbon Charter Panel has presented us with the Silver Award, and we are committed to advancing further in our environmental efforts.

We have continued to work with Restore Datashred, resulting in the recycling of 5,243 kg of paper throughout the year. This achievement is equivalent to saving 154,976 litres of water or preserving 83 trees. Additionally, the Society saved over 20,000 kWh of energy and over 11m³ of landfill, demonstrating our commitment to sustainability and responsible resource management.

During 2026, the Society will review our metrics, setting goals and targets to which it can hold itself accountable. One of the areas the Society will look to develop and enhance over the year is the environmental impact of the mortgage book. A plan is being developed as to how the Society does this, against the information it already measures.

By supporting initiatives that encourage greener living, we aim to reduce our overall carbon impact and contribute to a more sustainable future for our communities.

COMMUNITY

Saffron is excited to leave a legacy for the communities it serves. The Society seeks to integrate deeply into members' communities for years to come through strong local ties and enduring relationships.

Our Community Business Partner

Our strategic values are anchored in a steadfast commitment to community support, a principle consistently exemplified by Claire Hunnable since she assumed the role of Community Business Partner in 2019. Her leadership has been pivotal in

enhancing our mission to nurture the growth and resilience of local communities, ensuring we remain an integral part of our members' communities for years to come. Our financial contributions and volunteer efforts further reflect the value we place on community. Collectively, the below initiatives not only support individual development but also contribute to the resilience and wellbeing of the communities we serve—ensuring our impact remains meaningful and long lasting.

Saffron Community Fund

2025 Highlights

- The Saffron Community Fund reached a level of £1m.
- 2,045 volunteering hours donated.
- 1,926 hours used in our Saffron Walden Community Link.
- 191 hours used in our Ware Link.

We are delighted to share that Saffron has reached a remarkable milestone by surpassing £1m in our endowment fund with Essex Community Foundation, well ahead of our five-year target set in 2023. This achievement is not just a number; it represents our collective commitment to making a meaningful difference in the communities we cherish.

With this significant fund, the Saffron Community Fund is now poised to provide approximately £50,000 in community grants each year, in perpetuity, ensuring that we can support local initiatives and charitable causes for years to come. This is a legacy of support that we can all be proud of, as it reflects our dedication to the heartland communities we serve.

The Saffron Community Fund is managed by Essex Community Foundation, with grants awarded by a panel that includes both our staff and members. This collaborative approach ensures that the voices of our community are heard and that the funds are directed where they are needed most.

Award Winning Community Link

The heart of our community engagement efforts is the Saffron Community Link, which is a fully refurbished, self-service facility that offers an invaluable space for charities, non-profits, and community groups at no cost. Since 2022, the Link has become a vital resource, operating seven days a week. In 2025 it was utilised for an amazing 1,926 hours. The recently opened Ware Link clocked in 191 hours used.

In April, we were thrilled to receive the Uttlesford

Business Award 2025 for Commitment to Community. This honour showcased our Community Link facility, as well as our Saffron Community Fund, both of which garnered special recognition. In November, we hosted a Link Evening Reception, bringing together all users of our free-to-use facility for an enjoyable evening of conversation and connection. It was an evening to celebrate the vibrant community that our facility supports and provided a welcoming atmosphere where attendees could engage with one another, share experiences, and forge new relationships.



Saffron Walden Carnival 2025

Saturday, 5th July 2025, marked the occasion of our Carnival Parade. Among the 99 floats that filled the streets, we brought vibrant colour and joy to the town of Saffron Walden. This year, our theme was “Wonkatic”, and everyone thoroughly enjoyed the day whilst raising funds for local charities. Though the parade only takes place every three years, it is always worth the wait.



Saffron Singers

Saffron Singers, established in 2007, has evolved into a vibrant community choir with over 40 members. Meeting every Friday in Saffron Walden, the choir is free to join, with all costs covered by the Society. Open to singers of all abilities (no auditions required) we have a diverse mix of ladies and a strong male section of tenors and basses. Under the leadership of local musician Maggi Griffiths, who succeeded Siobhan and Tim Lihoreau, the choir enjoys a wide repertoire and her infectious enthusiasm.

Wize Up Financial Education

At Saffron we believe everyone should have the skills they need to build a better financial future. As part of this commitment, we have fully funded Financial Education workshops in partnership with WizeUp Financial Education. In 2025 these sessions were delivered to over 2,150 students in 10 local mainstream high schools and launched our SEND (Special Education Needs & Disabilities) programme, delivering over 100 hours to 21 Students in 2 local specialist schools.

Money Ready partnership

In 2025, we made a significant two-year investment commitment totaling £200,000 to introduce Money Ready's money management training to Essex for the first time. This initiative specifically targets care leavers and NEETs (Not in Education, Employment or Training), providing 300 hours of training per year to enhance the financial literacy of young people. Through these initiatives, the Society demonstrates a profound commitment to community support and development, making a lasting impact on the lives of individuals and the broader community. Our collective efforts continue to foster a spirit of collaboration and resilience, ensuring that our communities thrive.



COLLEAGUES

2025 Highlights

- Colleague Peakon engagement score is at the Top 10% of financial firms.
- People Champion Network positively embedded across the Society.
- New Diversity, Equality and Inclusion working group established to support and drive our DEI commitments and priorities.
- Approval and publication of our Hybrid Working Policy and approach.
- Launch of our online “Salary Extras” benefits and “Applause” recognition platforms.
- Society-wide training needs with increased investment in learning and development across a broad range of skills and personal development requirements, together with an upgrade to our Learning Management System.
- We met our Women in Finance Charter commitment with 39% of women in senior positions versus a target of 35%.

Our colleagues remain central to the Society's success – we know they are the key ingredient that differentiates us from other financial institutions. As such, we continue to focus on ensuring we have colleagues who feel connected to our purpose, bring their best selves, feel supported and united in their goals to support our members and the communities in which we serve, and are valued and supported by leaders who help them grow. We remain committed to investing in colleagues by offering rewards and benefits that are market-competitive at all levels.

In 2025, we continued to upgrade our people systems to improve colleague experience, including digital self-service functionality and an upgrade to our digital learning platform designed to make completion and tracking of mandatory and compliance training more efficient, as well as offering an extensive library of self-development courses for our colleagues and managers.

We continued to focus on the health and wellbeing of colleagues with two ‘moments for movement’ sessions for everyone in the Society to focus on the importance of mental and physical health and wellbeing. We hosted several colleague events to recognize and celebrate amongst other topics International Women's Day and International Men's Day.

We recognise the pivotal role of managers in ensuring Society success. To support them, we introduced our new Management Development Programme in 2025, providing ongoing training

to help managers set standards, demonstrate best practices and equip leaders with essential management skills.

As part of our business strategy and in particular our focus on people and building an Amazing Employer Brand, our People Champions Network actively engage in reviewing and recommending cultural improvement initiatives to the Executive Team and the Board. The Network consists of a diverse group of colleagues at different levels of seniority representing all parts of our Society and supports management in driving forward the business strategy by focusing on initiatives that are important to, and have an impact on, colleague engagement.

Whilst the Network does not constitute any part of our formal governance structure, it is designed to be an informal and collaborative communication vehicle for engaging, exchanging, debating and driving forward people-related topics. The Champions have refined our colleague engagement survey and have worked as stakeholders on several Society-wide topics that are both important and meaningful to our colleagues including:

- Improved communications channels and content.
- Increased focus on diversity, equality and inclusion.
- Introducing a wider range of flexible benefits to suit individual needs.
- Encouraging greater collaboration across different parts of the business.
- Improvements to office and branch working environments.
- Contributing to the design of the career pathways initiative.

Our regular internal engagement survey demonstrates that colleagues feel the Society is a positive place to work and helps us identify further opportunities to provide support. Our People Champions Network helped drive several improvements throughout the year aligned to the feedback and requests from colleagues through the engagement survey.

In 2026, we will continue to evolve our people proposition and support the change and transformation of our business by:

- Launching our skills and competencies framework, together with a Society-wide skills audit, updated job descriptions and focus on investment to close skills gaps and support and drive our transformation strategy.
- Introducing our Career Pathways roadshows, helping support colleagues with their career

options and goals.

- Upgrading our payroll platform to provide an improved end-user experience for colleagues and managers through digital solutions.
- Continuation of our diversity, equality and inclusion programme of events to educate, inform and engage colleagues.
- Developing an apprenticeship programme to upskill our talent, bring new skills to the Society and support employment in the local area.

MEMBERS

As a member, you share ownership of the Society, which is managed by the Board on your behalf. The Annual General Meeting offers you the chance to learn about the Society's performance and to raise any questions directly with the Board.

Beyond this annual event, we prioritise ongoing communication with our members, recognising the importance of regular dialogue. Each month, an independent organisation gathers and summarises feedback from our members, which can be submitted through a variety of channels. Your insights about our service are highly valued and play a key role in shaping both the services we deliver and the products we develop. Additionally, we monitor social media to understand members' perspectives, ensuring that this feedback also informs our decision-making.

2025 Highlights

- Overall member Satisfaction of 97.9%.
- Net Promoter Score of 85.6.
- 150 members in attendance at our members' Tea Party.

Money Ready Partnership

We have continued to build on a great first year with Money Ready. Over the course of the first year of the partnership Money Ready delivered over 300 hours of financial education to over 200 learners across Essex. Money Ready have continued to build on this momentum with our support. In 2025 Money Ready delivered 285 hours of learning. As a result of Money Ready's work 72% of learners felt they'd improved their knowledge about money, 72% had a greater confidence managing money and 53% would make change to how they manage money.

Saffron's members and colleagues have also helped raise almost £4,000 (including £2,395 from Saffron as part of our match funding) through fundraising including the Tour de Saffron and the Royal Parks Half marathon, and Saffron colleagues awarded 14 hardship grants totaling £1,400 through the Money

Ready grant program.

Alongside the sessions Money Ready run, our fundraising and hardship grants, we've also delivered a pilot event called Mini Money Masters. We ran Mini Money Masters in our Community Link space in Saffron Walden. It was an opportunity for children aged 8-15 to come and receive free financial education delivered by Money Ready. The event was well received, and we'll be rolling events out to other branches throughout 2026.

We also worked with Money Ready on an important thought leadership paper that has highlighted the need for greater support for care leavers in Essex. The Hidden Inequality: Understanding Financial Education Gaps for Care Leavers in Essex has shone a light on the outcomes many care leavers in Essex experience as they leave the care system. You can read the paper here. The paper calls for three recommendations; Convene a local roundtable to develop a coordinated financial education and inclusion plan for care leavers, guarantee financial education to all care leavers through the care leaver pathways across the region and create the Care Leaver Financial Resilience Pledge, aligned to the national Care Leavers Covenant. We're looking forward to supporting Money Ready to deliver these recommendations.



Braintree

Members consistently tell us how much they value the personal service they receive in our branches across Essex, Suffolk and Hertfordshire. Complemented by service available online, over the phone, by post and even by webchat and mobile app, we believe we offer one of the broadest choices of service channels for a building society of our size.

In 2024 we invested in a complete redesign of our Ware branch, bringing the beautiful high street

building up-to-date for modern needs and creating a free Community Link space for use by local groups.

In 2025 we went further and opened a brand-new branch inside Braintree Library. In a first-of-its-kind for Saffron, the branch shares facilities with the local library whilst offering a full counter service and space for private discussions with our expert team. This innovative approach to face-to-face service supports local community facilities whilst helping ensuring investment in branches is sustainable for years to come.

We look forward to bringing our great service to more people Braintree and the wider Essex region – come along to see our team (and borrow a book at the same time)!

GOVERNANCE

2025 Highlights

- We established a Transformation Committee to guide and support us through our transformation period in 2026 and beyond.
- We recruited a new Chief Transformation Officer to support us during our exciting transformation journey.
- We implemented our Operational Resilience framework and completed all required mapping and testing ahead of the FCA deadline, ensuring we remain within impact tolerances for each of our critical business services. We also made the necessary investments to ensure the society continues to operate in full alignment with the FCA guidelines.
- We fully embedded the Consumer Duty into our business-as-usual operations, ensuring FCA requirements are actively considered across customer journeys, day-to-day decision-making and product lifecycles.
- We continued to work closely with the Building Societies Association to support the growth of the mutuals sector.
- We complied with new Companies House changes following their increased powers to tackle fraud.

The Board's corporate governance framework as set out on page 44 and is underpinned by five key committees, which are covered in detail in the pages noted below:

- Nominations Committee manages succession planning and Board diversity page 52.
- Audit Committee ensures financial integrity and internal control page 54.
- Board Risk Committee oversees the risk

management framework and regulatory alignment page 59.

- Remuneration and People Committee ensures fair, risk-aligned compensation to attract and retain talent page 63.
- Transformation Committee scrutinises strategic investment and project delivery page 67.

Our New Branch Within Braintree Library



Financial Performance of the Business

The Group prepares financial results under Financial Reporting Standard (FRS) 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and elects to apply the measurement and recognition provisions of IAS39 'Financial Instruments: Recognition and measurement'.

The Chief Executive's Report on pages 8-10, contains information on the Group's financial performance for the year and factors affecting the results should be read alongside this section. Profits are the principal source of new capital available to the Group. As a mutual, any profits are retained within the business, contributing to capital strength and providing the platform for continued investment in service improvements for members.

The Board monitors both statutory and underlying profit before tax. The Group generated statutory profit before tax of £0.3m in 2025 (2024: £5.6m). Included in the profit before tax figure are items that are essentially one-off in nature and net gains or losses from fair value movements which are largely driven by changes in the external economic environment, both of which account for £1.2m of the reduction in profits over the year and are detailed below.

Exceptional items

There were no exceptional items in 2025. A credit of £182k in relation to the prior year exceptional charge for Phillips Trust Corporation has been recognised through other operating income. In 2024, £1.3m of exceptional items were charged to the profit and loss account. These included a £1.7m charge for the voluntary support provided to members affected by the failure of the Phillips Trust Corporation and a £0.4m credit for the discount received on the early repayment of legacy subordinated debt.

Net fair value movements

The Group's 2025 profit and loss account includes a £3.5m charge for net fair value movements (2024: £1.0m). This category includes movements in the fair value of derivatives and the offsetting impact of the fair value of the hedged items, where a hedging relationship exists. It also includes changes in the fair value of the Lifetime Mortgage portfolio.

Some derivatives are not matched in hedge

accounting as underlying assets or liabilities such as those that hedge the pipeline of mortgages that have yet to complete. As such these cannot be designated under hedge accounting, despite providing an economic hedge, until the pipeline of mortgages completes. This can increase the level of volatility seen in the profit and loss, which will be impacted by the change in fair value of those unmatched derivatives without an offsetting adjustment from the items they are hedging.

A Lifetime Mortgage (also referred to as an equity release mortgage) is one where a loan is taken out against the value of a property but where the interest charged is not paid during the life of the loan. Instead, the interest is added to the loan balance and, at the end of the term (which typically comes on the move into residential care or death of the borrower), the loan balance (including the rolled-up interest) is deducted from the sale proceeds of the house. To protect the borrower from the possibility that the loan balance is greater than the property value at the end of the loan, the loans include what is referred to as a No Negative Equity Guarantee (NNEG). This is a promise that the borrower will not be charged for any excess of the loan value over the property value. The inclusion of a NNEG promise in a Lifetime Mortgage is a normal feature of such a product. The value of the portfolio is determined by factors such as the prevailing long-term cost of funds, house price inflation, house price volatility and actuarial factors such as expected mortality rates. The valuation of the portfolio can be quite sensitive to changes in these assumptions. The value of the derivative hedging these mortgages is principally impacted by long-term interest rate movements.

The increase in the net fair value charge in 2025 is principally driven by economic volatility during the year specifically in the valuation of those derivatives that are not accounted for as hedging underlying assets or liabilities.

Underlying profit before tax

The underlying profit before tax excludes the impact of the exceptional items and net fair value movements and reflects the inherent performance of the business. Underlying profits reduced to £3.8m in 2025 (2024: £7.9m) reflecting the reducing interest rate environment which puts pressure on margins as mortgage rates reduce more quickly than savings rates.

Overview of Income Statement

£millions	Group	Group	Group
	2025	2024	2023
Net interest income	28.5	29.5	32.9
Other income and charges	0.3	-	0.1
Net fees	(0.4)	(0.5)	(0.2)
Administrative expenses	(23.1)	(20.6)	(19.0)
Depreciation and amortisation	(0.9)	(0.8)	(1.5)
Impairment losses	(0.6)	0.3	(0.7)
Profit / (loss) on disposal of property, plant and equipment	-	-	(0.4)
Underlying profit before tax	3.8	7.9	11.1
Exceptional items	-	(1.3)	-
Fair value movements	(3.5)	(1.0)	(3.3)
Statutory profit before tax	0.3	5.6	7.8
Tax	(0.1)	(1.5)	(1.9)
Statutory profit after tax	0.2	4.1	5.9

Income

The Group's income is derived from interest and fees arising from loans secured on residential property. We also earn interest on our liquidity portfolio, rental income from our freehold properties and fees from third parties with whom the Group partners and acts as introducer.

Net interest income

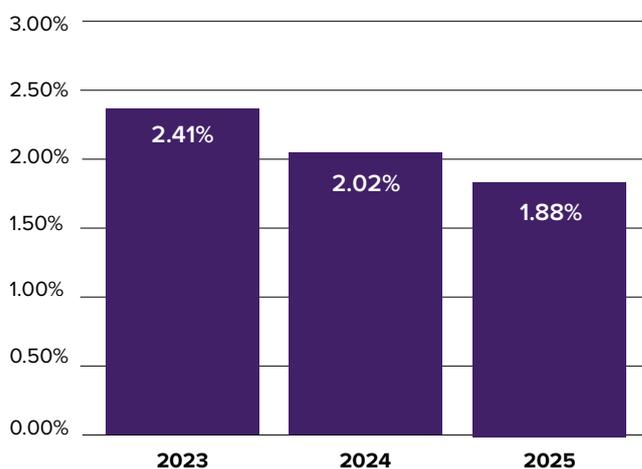
Net interest income for the year ended 31 December 2025 decreased to £28.5m (2024: £29.5m). Net interest income is the principal component of the Group's income, representing the difference between interest received from mortgage holders and the Group's liquidity portfolio, and interest paid to members or other stakeholders providing funding to the Society. The level of net interest income varies depending on the volume of assets and liabilities, as well as the applicable interest rates. This balance also accounts for the annual impact of product-related fees and expenses, which are recognised under the Effective Interest Rate methodology.

Net Interest Margin

Net Interest Margin (NIM) represents net interest income divided by average assets for the year. It reflects the Society's ability to balance the offering of competitive rates to savers and borrowers with the need to generate sufficient profits to support the Society's ongoing growth and investment plans. The Society continues to balance our net interest margin to ensure financial sustainability while meeting the needs of our members.

The NIM for the year ended 31 December 2025 was 1.88% (2024: 2.02%)

Net Interest Margin



The Group's NIM has decreased in 2025 which reflects the competitive dynamics within the mortgage market, with increased competition placing downward pressure on pricing. Additionally, reductions in Bank Base rate, and the Society's SVR rate had a depressing impact on margin, as interest receivable decreased more rapidly than funding costs.

In managing these challenges, the Society remains committed to our mutual values, striving to balance the needs of savers and borrowers. The Society has taken steps to offer competitive and sustainable savings rates across a range of products, ensuring adequate funding to support lending activity and repay the TTFSME during the year, in a challenging market environment.

Other income and charges

Other operating income as of 31 December 2025 was £441k (2024: £559k). It incorporates the Society's rental income from the Society's investment properties and movements in their fair values. These properties were professionally revalued on an open market value basis in November 2025, resulting in an increase in value of £130k (2024: increase of £60k).

Other operating charges for the year ended 31 December 2025 amounted to £155k (2024: £142k). It includes administrative and interest costs incurred by the Group's closed defined benefit pension scheme, but borne by the Group, of £155k (2024: £142k).

Fees

Fees receivable were £254k (2024: £182k) and consists of mortgage-related income not accounted for under the Effective Interest Rate (EIR) accounting policy, along with commissions from sales of insurance and financial planning products through our partner network. Fees payable were £693k (2024: £697k) and include other (non-EIR) mortgage-related costs and bank charges.

Management expenses

Management expenses cover all necessary operating and administrative costs and overheads, including depreciation and amortisation. Effective management of expenses is a key strategic objective. It balances the growth of the Society's capital with the ongoing investment needed to enhance member services, address technological advancements and comply with evolving regulatory and legal requirements.

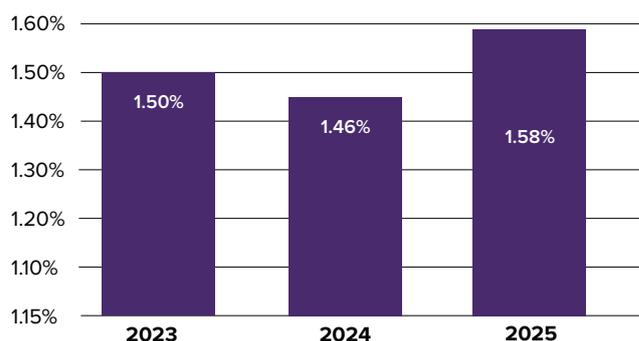
Administrative expenses in 2025 were £23.1m, compared to £20.6m in 2024. The Society has taken action to support colleagues and ensure that salaries remain fair and competitive in the current economic climate as well as bearing the increase in taxation and national insurance costs. The rise in expenses also includes the investment in IT infrastructure, as the Society enhances our core systems, and implements a new data and information platform to improve customer service and facilitate future growth.

Further charges for depreciation and amortisation of £0.9m (2024: £0.8m) principally reflect the amortisation of the Society's IT investments in recent years.

The Group's management expenses ratio, expressing total Society management expenses

as a percentage of average Society assets is presented below.

Management expenses ratio



Impairment and provisions

The Group's collective impairment provision has increased during the year resulting in a charge of £11k (2024: credit of £340k). The individual impairment charge represents specific provisions against accounts that have defaulted and for which a loss is anticipated.

Impairment charges

£000s	Group	
	2025	2024
Collective impairment charge / (credit)	11	(340)
Individual impairment charge (Note 12)	382	63
Total	393	(277)

The Group is a receiver of rents on 4 properties (2024: 4) representing balances of £0.56m (2024: £0.72m). 10 properties were disposed of in the year ended December 2025 (2024: 3) and 8 new repossessed properties were added (2024: 2). Disposal of the remaining properties is planned for in 2026.

The arrears ratio (number of loans >3 months in arrears) as a percentage of the total loans book has decreased slightly to 0.64% as of 31 December 2025 (2024: 0.67%). Further information on the quality of the Group's loan portfolio, including information on loan forbearance activities, can be found in Note 28 to the Accounts.

Taxation

The statutory rate of corporation tax was 25% throughout the year. The Group had corporation tax charges in respect of operating profits in the year ended 31 December 2025 of £0.1m (2024: £1.5m). A reconciliation of the effective rate to the statutory rate of taxation is provided in Note 8 to the accounts.

The Group's principal income generating

activity is the generation of new assets through the origination of mortgage loans secured on residential property. As at 31 December 2025, total assets amounted to £1,544.8m (2024: £1,480.4m).

Overview of Financial Position

£millions	Group	
	2025	2024
Liquid assets	318.7	276.4
Loans and advances to customers	1,207.5	1,178.5
Fixed and other assets	18.6	25.5
Total assets	1,544.8	1,480.4
Shares	1,221.7	1,121.1
Deposits	210.7	254.1
Other liabilities	16.5	10.5
Subordinated liabilities	12.5	12.3
Total liabilities	1,461.4	1,398.0
Reserves	83.4	82.4
Total liabilities and reserves	1,544.8	1,480.4

Liquid assets

The Group's liquid assets primarily consist of cash deposits, UK government debt securities and other high-quality liquid assets. These assets are held to ensure the Group can consistently meet our payment obligations as they fall due. The type and volume of liquid assets held is determined by the Board's risk appetite and regulatory requirements. This includes the outcome from periodic stress testing of liquidity requirements. The Group increased our liquid assets through the first half of 2025 and used this to facilitate the repayment of the Bank of England's TFSME funding prior to maturity in October 2025. As of 31 December 2025, the Group's portfolio of liquid assets totalled £318.7m (2024: £276.4m) and comprised the following:

As of 31 December 2025, the ratio of liquid assets to shares and deposits stood at 22.3% (2024:

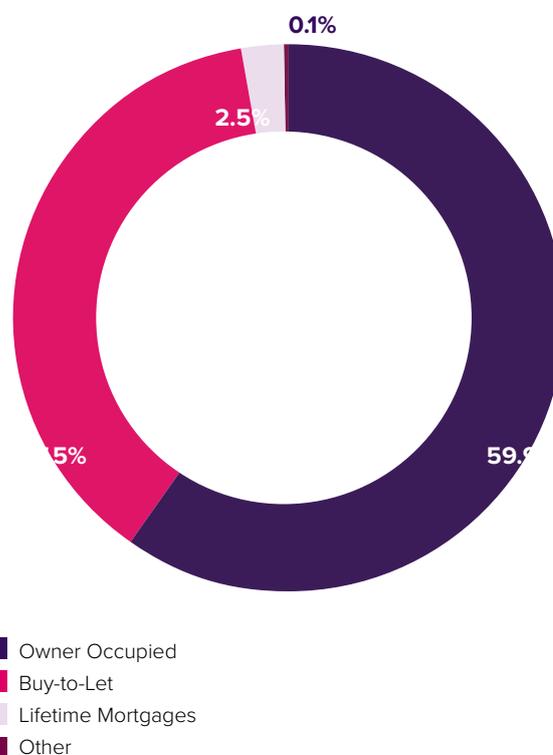
£millions	Group		
	2025	2024	2023
Bank of England deposits	41	82	155
UK Government debt	69	36	42
Other bank deposits	30	17	18
Supranational debt	179	141	63
	319	276	278

201%). A key measure of liquidity under CRD IV is the Liquidity Coverage Ratio (LCR), which ensures that the Group could survive a short-term, severe but plausible liquidity stress. As of 31 December 2025, the Group's LCR was 194% (2024: 177%), above the regulatory minimum of 100%.

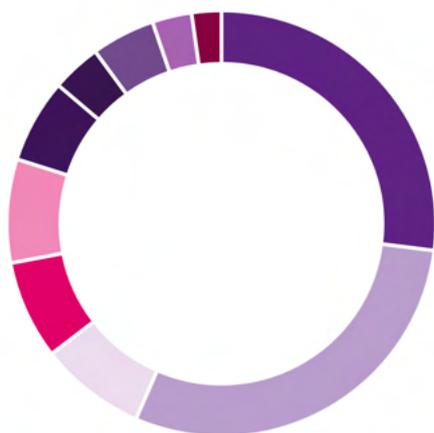
The Group also monitors the longer-term stability of our funding, and hence liquidity, through the Net Stable Funding Ratio (NSFR). As of 31 December 2025, the Group's NSFR was 172% (2024: 136%), above the regulatory minimum of 100%.

Mortgages

The Group's total portfolio of loans and advances mostly comprise owner-occupied and buy-to-let mortgages. The Group also has a small portfolio of Lifetime Mortgages and non-residential loans but is not currently looking to expand these portfolios.



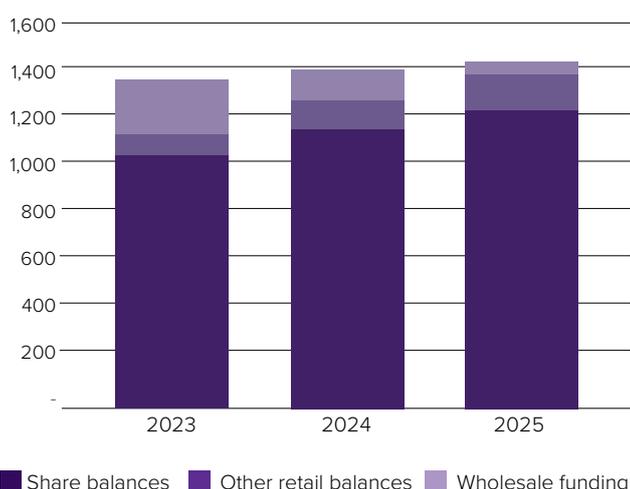
The Group lends almost exclusively through mortgage intermediaries. The Group recorded gross lending of £289m in the year ended 31 December 2025 (2024: £244m). After accounting for the impact of mortgage repayments, voluntary redemptions, and other movements, total loans and advances to customers (net of impairment) as of 31 December 2025 was £1,207.5m (2024: £1,178.5m). The Group lends throughout England and Wales and our exposures are geographically spread across the regions, although our location in the Southeast of England leads to an intentional concentration towards London and the Southeast reflecting our regional heartland. There has been no change in mortgage concentration in 2025.



- Greater London
- South East
- South West
- West Midlands
- North West
- East Midlands
- East Anglia
- Yorkshire & Humberside
- Wales
- North

Funding the business

Access to a diverse range of funding sources is critical to the Group’s effective management. Members’ retail savings remain the most important element of the Group’s funding, supplemented as appropriate by corporate savings, deposits and limited use of wholesale facilities. The Group is also a participant in the Bank of England’s Sterling Monetary Framework and has signed a statement of commitment to adhere to the principles of good market practice outlined in the UK Money Market Code, produced by the Bank of England’s Money Market Committee. The Group’s funding requirements are driven by a combination of factors, including mortgage demand, regulatory requirements, and the Board’s risk appetite. This balanced approach ensures the Society can continue to meet our operational and strategic objectives while maintaining financial resilience. A breakdown of funding is shown below:



Retail funding

Retail savings and deposits remain the foundation of the Society’s funding strategy. The Society is focused on offering a diverse range of high-quality savings products, providing competitive interest rates in line with prevailing market conditions.

As of the year ended 31 December 2025, the Group’s savings and deposits balance increased by £106.5m (2024: £40.5m), bringing the total shares and deposits balance to £1,356.8m (2024: £1,250.3m).

Retail funding performed strongly, with strong inflows in the first half of the year, contributing significantly to the Society’s overall funding position.

The Group has demonstrated its ongoing ability to manage our funding and liquidity requirements efficiently through the successful repayment of £100m of TFSME with additional incentives for Small and Medium-sized Enterprises (TFSME) in the year, and also through funding growth in the mortgage book.

Wholesale funding

The Society remains an active participant of the Bank of England’s Sterling Monetary Framework (SMF), having accessed the TFSME, which was fully repaid in October 2025. The Society has access to shorter (six months duration) funding through the Bank of England’s Indexed Long-term Repo (ILTR) facility which supports further funding diversification.

Outside of SMF funding, other wholesale funding is obtained from a diverse range of counterparties, typically other financial institutions, and local authorities and typically for periods up to two years in duration.

Asset encumbrance

The Group uses certain assets as collateral to support the raising of secured funding under the terms of the Bank of England’s SMF. Collateral, entirely in the form of cash deposits, is also used to support financial derivative contracts entered into by the Group as part of our management of interest rate risk. At 31 December 2025, 4.8% (2024: 10.3%) of the Group’s assets were encumbered representing £47.4m of mortgage assets (2024: £135.9m) and £26.6m of other assets (2024: £16.4m). A further £303.2m of mortgage assets (2024: £358.7m) were pledged as collateral to the Bank of England but not required to support existing borrowing.

Capital

The Group holds capital to protect our members from the effect of shocks or stresses, whether arising from the broader economy, the financial sector as a whole or the Society itself. The Group's capital requirements are set and monitored by the Prudential Regulatory Authority (PRA). Throughout the year, all the Group's capital ratios remained significantly above regulatory requirements.

The Group's regulatory capital consists of general reserves, accumulated profits, and losses, the available for sale reserve, collective provisions for impairment and the revaluation reserve in respect of the Group's freehold properties.

The Group's total regulatory capital reduced from £93.7m to £93.2m. Further details on the capital position, including reconciliation to Group reserves, is provided in Note 29 to the Accounts.

A measure of capital strength commonly reported amongst financial institutions is the Common Equity Tier 1 (CET1) ratio. This ratio represents the relationship between our strongest form of capital (accumulated profits held in reserves) and our assets, weighted by the level of risk they carry. Total Capital Ratio (TCR) represents the relationship between our total capital, including subordinated instruments, and our risk-weighted assets.

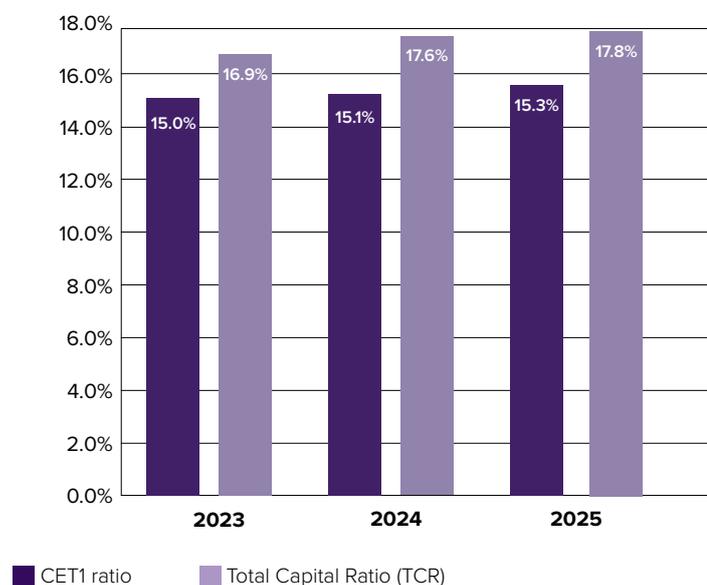
The CET1 ratio increased to 15.3% (2024: 15.1%), largely due to a decrease in risk weighted assets, reflecting a reduction in the requirement for operational risk. Total Capital Ratio has increased to 17.8% (2024: 17.6%) for the same reasons.

Additionally, the Group has in issuance Tier 2 subordinated debt that is recognised as regulatory capital under prudential requirements, which expires in January 2034 and will begin to amortise from 2029. Its inclusion in the capital base strengthens the Society's overall capital position, enhancing our resilience against financial and operational risks. Furthermore, the availability of Tier 2 capital provides the Group with greater flexibility to support mortgage growth in a sustainable manner while investing in the technology projects required to improve service for current and future members.

In addition to our capital composition, the Group is required to outline our capital position, risk exposures and risk assessment frameworks in the Pillar 3 disclosure, which is available on our website.

A summary of the Group's unaudited capital metrics is presented below. Audited metrics can be found in Note 29.

	2025 (£000)	2024 (£000)
Risk weighted assets	525,183	533,464
Common equity tier 1 ratio	15.3%	15.1%
Total capital ratio	17.8%	17.6%
Leverage ratio	5.1%	6.0%



Principal Risks and Uncertainties

The Society's Risk Management Framework and Risk Appetite is explained within the Board Risk Committee Report on page 59. The Society faces various potential risks and uncertainties which could have a material impact on the Society's performance, lead to deviations from expected or historical results, and potentially threaten our business model, solvency or liquidity. The principal risks that arise from the Society's operations, and which are managed under the Risk Management Framework, are described below.

Risk	Description	Mitigation
Credit risk	<p>Credit risk is the risk that a customer is unwilling or unable to honour their obligations to the Society as they fall due, resulting in an actual or potential loss exposure for the Society. The Society segments credit risk into two categories: Retail and Treasury. As a primary lender, the Society faces credit risk as an inherent component of our lending activities.</p> <p>Adverse changes in the credit quality of the Society's borrowers, a general deterioration in UK economic conditions or adverse changes arising from systemic risks in UK and global financial systems could reduce the recoverability and value of the Society's assets. Climate risk is considered within the Society's ICAAP and potential impacts on the mortgage stock.</p>	<p>The Society operates within a defined credit risk appetite, accepting niche lending sectors while managing risk by carefully monitoring property types, locations and borrower characteristics.</p>
Interest rate risk	<p>Interest rate risk arises from fluctuations in interest rates and changes in the value of instruments used to manage interest rate risk, which could impact the Society's capital and earnings. The principal exposures faced by the Society are significant repayment or product switches within the Society mortgage portfolio which have an additional downside impact on the carrying value of the Effective Interest Rate (EIR) fair value asset attached to the mortgage asset. A further risk is the impact to the Lifetime Mortgage book of movements in the long-term discount rate (although this portfolio is also exposed to risks related to house price movements and mortality experience).</p>	<p>The Society manages the risk on balance sheet through the matching of assets and liabilities with derivative financial instruments (hedging). The Society also seeks to minimise interest rate exposure through hedging assets which are not yet on the balance sheet such as elements of the mortgage pipeline. However, movements in interest rates or other indices between the derivative instrument being taken out and the asset crystallising creates volatility in reported earnings that cannot be completely mitigated. Movements in interest rates and other indices have a direct impact on the value of certain balance sheet items, which, in turn, create volatility in reported earnings that cannot be completely mitigated.</p>

<p>Liquidity / funding risk</p>	<p>Liquidity risk is the risk that the Society is unable to make available sufficient resources to meet its current or future financial obligations as they fall due, or is only able to do so at a premium cost. This includes the risk that the Society attracts excessive liquidity through poor product management, acting as drag on financial performance. The Society relies on our access to sources of funding to finance the origination of new business and working capital. If access to funding became restricted, through either market movements or regulatory or government action, this might result in the scaling back or cessation of new lending.</p>	<p>The Society mitigates this risk through our treasury operation, overseen by the Assets and Liabilities Committee. It also does this by actively managing the Society’s liquidity portfolio and actively seeking alternative funding sources. Note 28 to the Accounts, ‘Financial Instruments’ contains additional narrative and numerical information in respect of the Group’s approach to the management of this portfolio.</p>
<p>Operational risk (inc. People risk and Financial Crime risk)</p>	<p>Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. This includes failures in controls, human error, process breakdowns, system outages, third party failures, and weaknesses in governance or oversight. The activities of the Group expose us to risks relating to our ability to implement and maintain effective systems to process transactions with members and customers. As AI tools and usage develops, the potential impact on Operations could increase. The business is developing an AI Policy and governance process.</p> <p>People risk is the risk that the Society’s ability to operate, serve members, or deliver our strategic objectives is impaired due to inadequate staffing levels, insufficient skills or capability, high attrition, poor colleague engagement, ineffective training, or failures in culture, conduct, or people-related processes.</p> <p>Financial crime risk is the risk that the Society may be used intentionally or unintentionally to facilitate illegal or unethical activities such as fraud, money laundering (AML), terrorist financing (CTF), sanctions breaches, bribery and corruption, or other forms of economic crime.</p>	<p>To address these risks, the risk department maintains department-specific Risk and Control Self-Assessments (RCSAs) covering the operations of the entire Society. RCSAs are reviewed and tested on a regular basis and the results reported to the Executive and Board Risk Committee. Incidents and near misses are assessed for their potential impact, with root causes identified. Additionally, the Society’s internal audit function (provided externally by PwC) carries out targeted reviews of critical systems and processes to ensure that they are properly designed and operate effectively. The Group has a Business Continuity Plan which is kept under regular review and is designed to ensure that any breakdown in systems would not cause significant disruption to the business. Additionally, the TriLine risk management system has been used to catalogue the Group’s controls and test their effectiveness.</p>

IT security/ cyber-crime	<p>Cyber risk is the risk of financial loss, operational disruption, data compromise, or reputational damage arising from malicious or unauthorised attempts to access, disrupt, or exploit the Society's technology, networks, or information assets.</p> <p>Cyber-crime leading to the loss of systems and/or data is a constant threat. Potential impacts of a successful attack include financial loss, customer impact and reputational damage.</p>	<p>The Society invests in technology development and maintenance, focusing on cyber-risk reduction initiatives, maintaining Cyber Essentials certification and alignment of the Society's information security management system with industry standards such as ISO27001:2022.</p>
Compliance/ Regulatory risk	<p>Compliance risk is the risk of financial loss, reputational damage and/or regulatory censure arising from failure to comply with regulatory or legislative requirements. The market sectors in which the Society operates and the markets from which it receives our funding have been subject to regulation by the UK government, the European Union and other regulatory bodies. Ultimately, there are three risks when it comes to ensuring that we comply with regulations:</p> <ol style="list-style-type: none"> a. Failing to identify new or developing regulatory requirements / guidance; b. Failing to comply with all regulatory requirements; c. Failing to identify breaches and take appropriate action. 	<p>The Society has a dedicated compliance function, reporting to the Chief Risk Officer (CRO). The team regularly updates executive management on key issues, monitors regulatory compliance and provides assurance that the Society is meeting requirements through departmental and thematic reviews. The Board Risk Committee oversees the activity of the compliance function.</p>
Conduct risk	<p>Conduct risk is the risk that actions taken by the Society deliver outcomes for customers that do not meet the level expected by conduct regulators and accepted market practise. These expectations and principles include Treating Customers Fairly and the recently established Consumer Duty.</p>	<p>Every colleague in the Society is made aware of their responsibility to ensure that the highest standards of conduct are upheld. Regular mandatory training is provided to ensure these principles are embedded in the culture of the Society. The compliance team acts as second line of defence and reports to the Board Risk Committee on conduct matters.</p>
Business & Strategic risk	<p>Strategic and business risk is the risk that the Society's strategic objectives, business model, or long term viability are undermined by ineffective strategy design, poor execution, external market changes, or an inability to align People, Technology and Risk Appetite. This includes risks arising from transformation delivery, market positioning, profitability, competition, business sustainability, and the broader macroeconomic environment.</p>	<p>To mitigate this risk, the Group maintains close relationships with our members and customers, business introducers and other significant participants in the markets in which it is active. This allows market trends to be identified and addressed within the Group's business strategy. The business' transformation agenda, designed to mitigate strategic risk, is overseen by Board Risk Committee and Transformation Committee.</p>

Viability Statement

In accordance with Provision 31 of the Corporate Governance Code, the Board is required to assess and explain the Group's long-term prospects and viability. This includes evaluating the Group's ability to continue operating and meet our liabilities as they fall due, while taking into account our financial position, principal risks and uncertainties.

The Board and Board Risk Committee regularly consider the risks that are outlined on pages 37 to 39. The Directors have undertaken a detailed assessment of the Society's long-term viability, focusing on our ability to navigate principal and emerging risks over the short to medium-term. This risk assessment is a key input to, and consideration in, the Society strategy and five-year plan.

Although a five-year outlook is considered, viability is formally assessed over a three-year period due to the increased uncertainty associated with longer-term forecasts. This assessment considered the following financial and operational factors:

Forecasting

The Society's process for forecasting financial performance considers our strategic objectives, the risk involved in meeting those objectives and our strategic risk appetite. The corporate planning and alternative scenario modelling processes assess these forecasts under different macroeconomic scenarios, which reflect the current uncertainty in the macroeconomic environment and the behaviours and needs of current and potential future members. This is demonstrated through sensitivity analysis on various key areas of the plan to inform the Board of the exposure to changes in the plan.

Key Performance Indicators

Over the viability period, management focuses on net interest margin, asset quality, risk weightings, and cost management. The Group's performance, including strong lending and funding performance, delivered pre-tax profits of £0.3m, against a plan of £4.5m in 2025. This adverse variance reflects the volatile economic environment in 2025. The underlying profit before tax of £3.8m is behind budget due to a more competitive external environment and reducing interest rates compressing margins.

Stress Testing

The Society assesses our capital and liquidity viability through our Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP). These consider our ability to withstand severe capital and liquidity stresses to a severity communicated by the regulators. The processes capture changes to regulation, where a basis of assessment can be made. Mitigating management actions and the ability of those actions to minimise the impacts of the applied stresses are also evaluated and trading options are tested to gain comfort over timescales of the plan.

The Internal Capital Adequacy Assessment Process (ICAAP) modelled various scenarios, including the Bank of England's desk-based demand shock macroeconomic stress test, combined with a core banking platform transformation failure resulting in significant additional cost. The stress testing concluded that capital reserves held by the Society are sufficient to withstand significant economic shocks, including inflationary pressures, unemployment rises, and declines in house prices under current and confirmed future requirements.

The ILAAP also concluded that the Society is able to meet liquidity risk capacity requirements under modelled stress scenarios such as cyber-attacks and macroeconomic pressures on Member savings levels and mortgage arrears.

Reverse stress testing considers a range of specific scenarios which would cause the Society to fail. They conclude that the likelihood of such events happening are remote and pose a remote risk to the viability of the Society.

Stress testing of operational resilience is carried out. This is centred around the resilience of key Important Business Services (IBS) that have been identified as being of critical importance to members. Testing is performed using several severe but plausible scenarios, including, but not limited to, third-party failure and IT and system failures. The testing demonstrated that resilience is broadly in line with expectations and supports the ongoing viability of the business. Third-party management has been a focus throughout 2025

and will continue to be a focus for improvement in 2026 to strengthen overall resilience on key suppliers.

Assessment of viability

The Board has assessed the financial impact of the modelled stress scenarios and the outcomes from operational resilience testing. Based on these assessments, the Board believes that:

- The Society's business model and overarching strategy remain appropriate and will continue to be relevant and resilient as the operating environment evolves.
- The Society has sufficient current capital resources, in excess of regulatory requirements, and has viable plans to meet known future requirements, under both central and modelled stress scenarios.
- The Society maintains an appropriate level of liquidity, sufficient to meet both the normal demands of the business and requirements, which might reasonably arise in modelled stressed circumstances. The availability and quality of liquid assets are structured so that funds can reasonably be expected to be available to repay maturing wholesale funds and pressures generated by exceptional demand for funds from our members.
- Whilst it is accepted that it is not possible to completely eliminate all risk, the Society has taken reasonable steps to put in place suitable operational capabilities to manage and mitigate the impacts of risk events to within reasonable tolerances. This has been evidenced as the Society operated effectively given contractual maturity of the final £100m of TFSME borrowings, together with the economic uncertainty observed throughout 2025, in particular related to the global tariff escalations in the first half and the uncertainty in the run up to the UK budget in the second half of the year.

The Board has a reasonable expectation that the Society will be able to continue in operation and to meet our liabilities as they fall due, over the three-year period to December 2028.

Future Outlook and Uncertainties

Climate change and environmental risk

The Society is committed to building a more sustainable and greener future. We are on a journey to better understand the risk posed to us as a building society by climate change and have taken steps to reduce our impact. We recognise that climate change is likely to increase the frequency of flooding and subsidence, accelerate coastal erosion and potentially lead to government regulations that may impact our business and business model.

The Society continues to monitor and manage these risks. While the Society is currently too small to fall under the regulatory scope of the Financial Stability Board's Task Force on Climate Related Financial Disclosures (TCFD), we are committed to improving and increasing the reporting of climate-related financial information. More details on the steps we are taking to address our environmental impact can be found in the Sustainability Report section of the Strategic Report on pages 24-29.

Regulatory developments

There are significant future regulatory developments that can be expected to have a material impact on the Society's business model and operations as they become effective.

Basel III and Small Domestic Deposit Takers reform

Since the announcement in 2024, the implementation of Basel 3.1 remains scheduled for 1 January 2027. The regulator assessed the size and complexity of the Society in December 2025 and accepted it as a Small Domestic Deposit Taker (SDDT) firm. This will result in the Society's regulatory requirements for liquidity and capital being more proportionate due to the low complexity of the Society. The capital rules the Society follows will change from 1 January 2027 to an approach which, although based on Basel 3.1, is tailored to smaller firms. The Society's continuing assessment of the regulations suggests that there will be minimal overall impact on the level of capital required.

Withdrawal of SS20/15

From January 2026, the PRA have withdrawn SS20/15 which they used to supervise building societies' lending and treasury activities. This was done to level the playing field with banks, who were not subject to these restrictions, as well as reflecting the increased sophistication of building societies' risk management. The Society welcomes this reduction in regulatory burden and has responded to the retirement of SS 20/15 by reviewing our internal trigger and limit framework.

Economic outlook

The first half of 2025 was dominated by the significant elevation of tariffs globally. The immediate impact was a stock market correction in the Spring of 2025, reflecting concerns for both growth and inflation. Regional conflict unfortunately continued through 2025 and global cost shocks remain a threat to global economic growth.

In the UK, the macroeconomic environment was dominated, in the second half of 2025, by the extended period leading up to the budget. Although announced increases in taxes were less than had been feared, the uncertainty over this period led to subdued growth. The future impacts on growth of the announced tax rises are expected to be less detrimental than those announced in 2024. More positively, inflation is expected to continue its path towards target, due in part to the government's direct action on energy bills, leading to what is now expected to be only a gradual and restrained further loosening of monetary policy in 2026 and will be dependent on further reductions in inflation.

Competition

The competitive pressures on the Society continue to intensify from large clearing banks, challenger banks and FinTech firms which are leveraging digital innovations to attract savers and borrowers. Consumer expectations for seamless online services and rapid decision-making drive an ongoing requirement to invest in technology. The cost of delivering the level of change necessary to keep pace with rapidly changing technology will place additional financial and operational pressure on the Society.

Transformation

We recognise the importance of resilient and agile systems and we formed the Transformation Committee to oversee our transformation programme to ensure our systems remain fit for the needs of our members. This enables us to offer a greater range of products and respond more quickly to changes in the market, as well as providing greater technical resilience.

The transformation includes awarding the contract for the new mortgage origination platform, agreeing the implementation roadmap and commencing the first phase. We will complete the migration of our core banking platform to the cloud and upgrade to a newer version, enabling integration with other platforms. Our data hosting platform will be advanced to deliver richer business insights while decommissioning legacy data capabilities to reduce technical debt. Copilot, Microsoft's AI assistant, will also be rolled out as a structured change programme to safely drive productivity and operational improvement.

Financial performance

The Society faces challenging economic conditions heading into 2026, with competitive pressures in both the mortgage and savings markets, driving margin compression. Whilst the Society's five-year plan forecasts sufficient profitability to support growth and investment, the expected downward trend in interest rates, and above target inflation, could add further pressure to margins and impact overall profitability.

Credit risk

Economic conditions and employment prospects significantly affect the performance of the Society's mortgage assets. Rising unemployment typically increases arrears and default risks, whilst elevated interest rates pose affordability challenges for borrowers. This risk is mitigated by the Society's underwriting process that incorporates loan affordability stress tests, ensuring members can sustain repayments even under higher rates. The Society continues to closely monitor asset performance, focusing on proactive borrower engagement to mitigate risks and minimise repossessions.

Lifetime Mortgages

The Society's portfolio of Lifetime Mortgages presents specific risks and uncertainties that, if realised, could impact financial performance. These

include a reduction in house prices and changes in life expectancy, which could trigger losses due to the No Negative Equity Guarantee. Although the portfolio is held at fair value to account for such risks, market volatility – driven by factors such as SONIA-linked indices and voluntary prepayment assumptions – can impact carrying values. The Society's focused hedging strategy has helped mitigate accounting risks, but market volatility remains a consideration in assessing performance.

Pension Scheme obligations

The Group has an obligation to fund the Saffron Building Society Pension Scheme (the 'Scheme'), which closed to new employees in August 2003 and ceased future accrual for existing employees in January 2008. Despite being closed, the scheme still poses a risk that the Group may be required to provide additional funding if our liabilities exceed assets. The funding obligation is based upon regular triennial actuarial valuations, with the most recent on 30 April 2023 reporting a surplus of £26k. The Scheme is also subject to annual valuation for FRS102 purposes and was reported in the financial statements for the year ended 31 December 2025 as a surplus of £1,458k (2024: £48k deficit).

Colin Field
Chief Executive Officer

On behalf of the Board 6 March 2026

Corporate Governance Report

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Corporate Governance Highlights 2025

- Appointment of new CTO, Qasir Aslam.
- Formation of Transformation Committee chaired by one of our NEDs, Alexandra Hatchman.
- Successful implementation of Operational Resilience Framework.



Corporate Governance Report

At Saffron, we continue to maintain high standards of corporate governance. Although we are not legally required to adhere to the UK Corporate Governance Code, as a mutual organisation and public interest entity, we actively consider its principles alongside other relevant legislation and guidance to ensure the Society follows best practice.

We established a Transformation Committee under the Board to guide and support us through our transformation period starting in 2026 and recruited a new Chief Transformation Officer, Qas Aslam, who will support us through our exciting transformation journey and beyond.

We rolled out our Operational Resilience framework and completed all necessary mapping and testing ahead of the FCA deadline, ensuring we stayed within impact tolerances for all critical business services. We also invested appropriately to maintain full alignment with FCA guidelines.

Consumer Duty, was successfully embedded into our business-as-usual operations, ensuring FCA requirements are actively considered across customer journeys, day-to-day decision-making and product lifecycles.

Board Composition

The Board consists of eight Non-Executive Directors—each regarded as independent under the UK Corporate Governance Code—and three Executive Directors*. The tenure of Board members, illustrated in the accompanying diagram, is a vital part of our governance framework, helping to maintain a healthy balance between continuity and the introduction of new perspectives.

Board Meetings

The Board convenes at least six times annually to fulfill its legal and regulatory responsibilities and to oversee the effective management of the Society. Five Committees support the Board's work, enabling focused consideration of specific areas. Meeting schedules are planned a year in advance, ensuring Directors receive comprehensive management information and summaries of key discussions from both Board and management committees. This information covers internal performance as well as external developments, including environmental, social, legal, governance, and regulatory changes.

The Chair

The Chair is responsible for ensuring that Directors are provided with clear, timely, and accurate information—such as Board Reports covering Society performance across operational matters, technology, people, risk, and legal and governance topics. The Chair also makes certain that all Directors receive the information they need, when they need it. Additionally, the Board can seek guidance from the Society Secretary at any time.

Board Strategy Days

In July, the Board came together for a collaborative strategy planning day, where members reviewed progress toward strategic goals and set the course for the Society's future direction. With the Society now entering a period of transformation, we are looking forward to an exciting year ahead.

Conflict of Interest

The Society keeps a comprehensive register of all conflicts of interest, which Directors are required to review and reaffirm annually to ensure its accuracy. At the beginning of each Board meeting, any new conflicts are formally noted.

Should a Director wish to take on an additional appointment, this must first be referred to the Nominations Committee for consideration and, if appropriate, submitted to the Board for approval.

* Maurice Mills was an Executive Director until November 2025, Lara Banjo has been the Interim CFO from May 2025 and was made the permanent CFO on 1st January 2026.

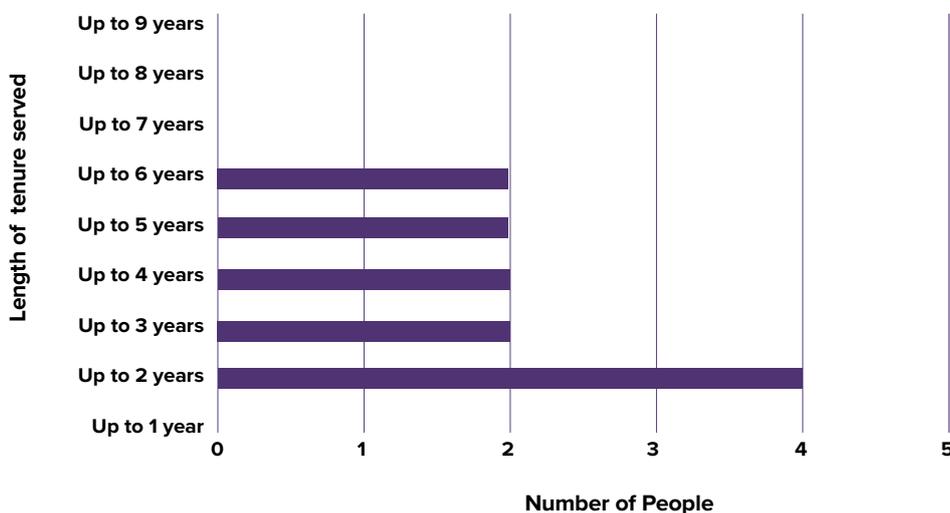
Board Meetings

Members	Mark Preston	Alexandra Hatchman	Angela Cha	Caroline Cartellieri	David Rendell	Jaz Saggi	Louise Wilson	Robin Litten	Colin Field	John Penberthy-Smith	Lara Banjo*
Meetings Attended	7/7	7/7	7/7	7/7	7/7	7/7	7/7	7/7	7/7	7/7	4/4

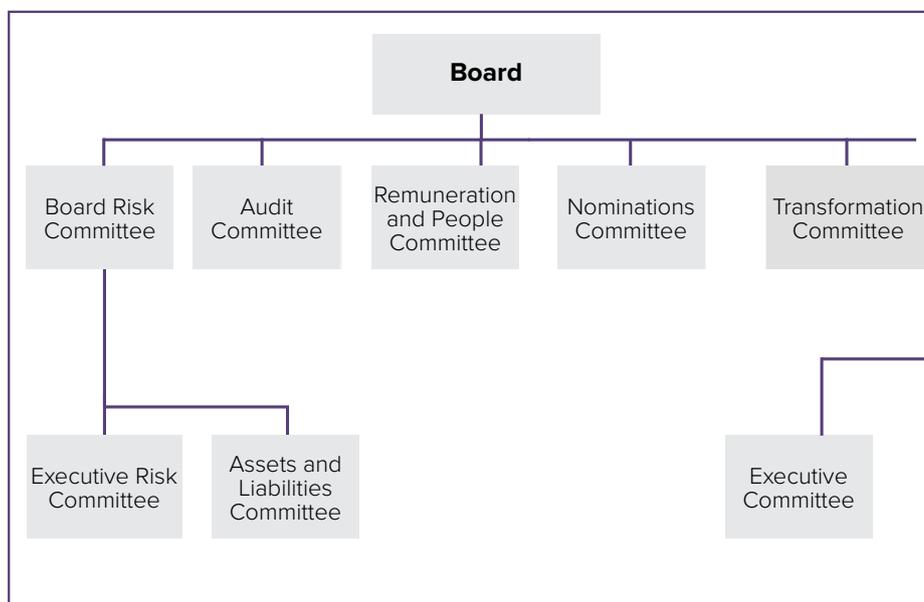
*Lara joined in May 2025 as interim CFO

Board Tenure

Board Position	#
Chair	1
Non-Executive Director	7
Executive Director	2



Board Committee Structure



Meet the Directors



Mark Preston – Chair

Appointment: August 2024.

Experience: Having graduated in 1983 Mark then joined Barclays Bank on a graduate training scheme and after that spent much of his career with various North American banks in senior investment banking positions, latterly being Chief Executive Officer for the Products and Markets Division of Lloyds TSB and Co-Head of the Bank's Corporate Markets.

Over the last 15 years he has performed various corporate workouts whilst taking on non-executive director positions in the mutual and private equity sectors.

Mark is also Chair of the governing council at the University of Kent.

Committee Membership: Board, Nominations Committee (Chair) and Remuneration and People Committee.

External Appointments: Aria Finance, West One Loans Limited, West One Secured Loans Limited, Studland Stores Limited, University of Kent.



Angela Cha – Non-Executive Director

Appointment: October 2024.

Experience: Angela has been involved with the financial services (FS) sector for over thirty years. During her executive career as a solicitor and partner in city firm Pinsent Masons (and later as an independent consultant), she advised FS clients on complex change and transformation projects. On leaving the law, she continued her interest in the sector by becoming a non-executive director with a building society.

Angela is a strong supporter of the mutual sector and the role it plays in the financial ecosystem. Having spent a decade on the Board of Bath Building Society as a non-executive (during which time she was also Chair of the Remuneration Committee, Deputy Chair and Senior Independent Director) she has extensive experience of the mutual sector. As a Board director at the Saffron, she is committed to playing a key part in supporting the Saffron team deliver its member-focussed strategy.

Committee Membership: Board and Audit Committee, Nominations Committee

External appointments: Non-Executive Director and Deputy Chair of the Conduct Committee at the Financial Reporting Council.



Louise Wilson – Non-Executive Director

Appointment: October 2024.

Experience: Louise has 30 years' experience in HR, People, Culture, Operating Model, Purpose-led Leadership & Culture, Organisation Design and Development & Transformation across various global consumer brands, retail, omni-channel, aviation and multi-site services and people businesses. Her executive career includes CHRO/Global HRD with Clarks for 7 years and The Body Shop for 4 years. Her retail roots are grounded in the Marks & Spencer graduate training scheme, and her aviation experience with British Airways, Menzies Aviation, and Emirates (having lived and worked in Dubai for 3.5 years).

Louise is passionate about how people & culture contribute to the success of a business.

Committee Membership: Board, Board Risk Committee, Nominations Committee, Remuneration & People Committee (Chair)

External Appointments: Non-Executive Director at the Vertas Group, and A2 Dominion Housing, Board Trustee at Thames Reach Housing.



David Rendell – Non-Executive Director

Appointed: April 2020.

Experience: David has 40 years' experience in financial services across both consumer and corporate lending in the UK and across Europe. His executive career includes both risk management and business leadership roles within Lloyd's Banking Group (1988-2000) and GE Capital (2000-2016) where latterly he was CRO of the European Leasing division, Managing Director of the Green Financing division and CRO and Management Board Member of GE's Dutch bank, Artesia.

Committee Membership: Board, Board Risk Committee (Chair), and Audit Committee.

External appointments: None.

Meet the Directors continued



Alexandra Hatchman – Non-Executive Director

Appointment: December 2024.

Alex is a seasoned professional who specialises in strategy and transformation. In addition to her work at Saffron, she is a Non-Executive at Mastercall and NHS Aqua, and a Board Director of the Teenage Cancer Trust in the North West. She is also a senior advisor to investment firms on M&A in the law.

As an executive, Alex was the CEO of two law firms. Prior to this, she spent more than a decade in retail working as an executive for Marks & Spencer in the UK and Coles in Australia. Alex started her career with Accenture, where she spent seven years advising clients.

Alex received a First Class Master's degree in Engineering from Oxford University in 1997 and an MBA from INSEAD in 2003. She completed the Strategic Leadership Executive Programme at Oxford in 2013 and received a Certificate in Innovation from Cambridge University in 2022.

In 2018, Alex became the first person to win the Law Society's Excellence in Practice Management Award, and in 2023 Alex was included in the North West Business Insider Professional Powerlist.

Committee Membership: Board, Board and Audit Committee, Chair of Transformation Committee.

External Appointments: Mastercall, NHS Aqua, Teenage Cancer Trust and M&A Advisor.



Caroline Cartellieri – Senior Independent Director

Appointed: September 2023.

Experience: Caroline is a seasoned C-level Executive with over 25 years' experience in retail, consumer goods and hospitality. Leveraging technology to optimise the customer experience, she brings deep expertise in digital transformation, marketing and business strategy. She holds a BSc (Econ) from the London School of Economics and an MBA from the Wharton School of Business.

Caroline is focused on improving Saffron members' digital experience and ensuring that the Society is equipped to keep up with the constantly evolving demands of technology.

Committee Membership: Board (Senior Independent Director), Remuneration & People Committee, Nominations Committee, Board Risk Committee and Transformation Committee.

External appointments: Non-Executive Director at Europ Assistance; Trustee of Asthma + Lung UK; Director of C-Squared Consulting Ltd; Non-Executive Director at Maisons Du Monde; Governor at the German School London.



Jaz Saggu – Non-Executive Director

Appointed: September 2022.

Experience: Jaz has over 30 years' experience in financial services, with extensive expertise in data, digital and cultural transformation as an Executive, Main Board and INED, at Aviva, Benfield, GE Money, HBOS, NPG Wealth Management, Prudential, WTW and with PE-backed firms. He also held roles as an INED and Trustee with RiverStone Insurance Ltd, Network Homes Ltd, British Foreign Schools Society and Council Member of the British Heart Foundation, and previously held a visiting professorship in Digital Change Management.

Committee Membership: Board Risk Committee and Remuneration and People Committee.

External appointments: Independent Chairman of Watmos Ltd; Independent Non-Executive Director of A2 Dominion; Independent Non-Executive Director of BHSF Group Ltd, BHSF Management Services Ltd and BHSF Employee Benefits Ltd; and Independent Non-Executive Director and Member of Council at Cranfield University.



Robin Litten – Non-Executive Director

Appointed: January 2021.

Experience: Following his early career in consulting and retail Robin has more than 25 years experience in senior financial services roles. He has held senior finance roles in Barclays Bank in its credit card and private banking businesses and has served in executive board positions at a number of building societies completing his executive career as CFO at Leeds Building Society.

Robin is passionate about the role of mutual building societies in the mortgage and savings market and is focussed on helping the Society grow its membership whilst maintaining its financial strength.

Committee Membership: Board, Board Risk Committee, Remuneration & People Committee and Audit Committee (Chair).

External Appointments: None.

Meet the Directors continued



Colin Field – Chief Executive Officer

Appointed: April 2014.

Experience: Colin has held a number of senior finance positions with Barclays, Caudwell Group and Willis Group, having previously qualified with PwC. Colin is a Chartered Accountant (FCA). He joined the Board in 2014 as Chief Financial Officer before being promoted to Chief Executive Officer in September 2015.

Committee Membership: Board.

External appointments: Member of BSA Council.



John Penberthy-Smith – Chief Commercial Officer

Appointed: January 2022.

Experience: John is a transformational leader with multi sector board experience. His expertise is connecting the people inside an organisation to those people (consumers) on the outside through propositions and service that make a difference. His executive career spans, retail, telecoms, consulting, public sector and financial services including senior roles at Dixons Stores Group, Vodafone, Three, Eircom and the Money Advice Service.

Committee Membership: Board.

External appointments: None.



Lara Banjo – Interim Chief Financial Officer*

Appointed: May 2025.

Lara Banjo is a strategic Chief Financial Officer and board level leader with more than 25 years of global experience in strategic financial leadership, finance transformation and regulatory compliance across banking, financial services, and innovation driven sectors. A Fellow of the Association of Chartered Certified Accountants and MBA graduate, she has held senior roles at major global institutions including HSBC Innovation Banking, Standard Chartered, Standard Bank and Credit Suisse.

Committee Membership: Board.

External appointments: Non-Executive Director and Trustee at the Chartered Institute of Procurement and Supply

*Lara Banjo will be our permanent CFO from 1 January 2026.





Nominations Committee Report

Mark Preston



Dear Member,

I have been Chair of the Committee since August 2024, and present the work covered by the Committee in 2025.

The Committee is comprised of independent Non-Executive Directors. During 2025, the Committee met twice and the attendance is detailed below.

The Committee provides reports to the Board on its work throughout the year.

Its terms of reference are available on the Society's website at: <https://www.saffronbs.co.uk/about/corporate-information/board-and-its-committees> and are also subject to annual review.



Members	Mark Preston	Caroline Cartellieri	Angela Cha	Louise Wilson
Meetings Attended	2/2	2/2	2/2	2/2

Details of our work, key issues considered and our conclusions are summarised as follows :

The Committee

The Committee is responsible for overseeing:

- succession planning of senior roles;
- SMCR & responsibility map;
- Committee membership;
- the balance of Board skills, independence, experience and knowledge;
- any new appointments; and
- the performance of Directors.

Appointments

The Nominations Committee leads the process for Board appointments and makes recommendations to the Board.

In the appointment of new Directors, the Committee is driven by the need for diversity around the Board table and sets high expectations when engaging with professional search agencies to encourage a diverse range of applicants. The Committee considers diversity across a broad range of attributes and characteristics, both visible and invisible. These can include experience, skill and thought in addition to more visible characteristics such as gender and ethnicity. The Board advertises externally or uses a professional search agency for Board candidates. The appointment of Directors is based on objective criteria, including the ability to meet the requirements of the regulatory Senior Manager Regime.

The Nominations Committee ensures that Directors can commit the time required to effectively fulfil the role, both at the time of appointment and on an ongoing basis.

Succession Planning

The Nominations Committee monitors Board succession to ensure that the appropriate mix of skills, experience, independence, and knowledge of the business continues to be represented on the Board and committees.

SMCR Compliance & Responsibility Map

The Committee reviewed the allocation of responsibilities under the Senior Manager & Certification Regime and approved the Society's Responsibilities Map.

The Committee will continue to monitor applications under the Senior Manager & Certification Regime and review the Society's Responsibilities Map at least annually.

Performance of Directors

The Non-Executive Directors operate an annual appraisal scheme in which all the Directors appraise the performance of their colleagues, including the Chair. The Senior Independent Director carries out the formal appraisal of the Chair.

The Chair carries out the formal appraisal of the CEO and the CEO appraises any other Executive Directors. The consolidated results are used to evaluate the overall performance. The results of the exercise inform the Nominations Committee's decision to recommend the Director for re-election to the Board.

Concluding remarks

The Committee conducted its annual review of effectiveness, incorporating feedback from members and attendees. The review concluded that it had operated effectively and in accordance with its terms of reference.

In 2026, the Committee intends to continue its attention to key matters of Board succession and the future of the Board.

Mark Preston
Chair of Nominations Committee
2026



Audit Committee Report

Robin Litten



Dear Member,

As Chair of the Audit Committee, I am pleased to present the report of our work during 2025.

The Committee was comprised of three independent Non-Executive Directors appointed by the Nominations Committee to provide the broad range of financial and operational expertise necessary to perform our duties.

Over the course of 2025, the Committee met four times, with attendance detailed below. Members of the management team including the Chief Executive Officer, Chief Financial Officer, Chief Commercial Officer, Chief Risk Officer and Internal Auditor also attended regularly by invitation, as did members of the internal and external audit teams. The Committee also meets at least once a year without Management present.



Members	Robin Litten	David Rendell	Angela Cha	Alexandra Hatchman
Meetings Attended	4/5	5/5	5/5	5/5

The Committee's core responsibilities are to scrutinise the following areas:

- the integrity of the Group's financial statements and the significant judgements used to prepare them;
- the objectivity and independence of the Group's External Auditor;
- the appointment, re-appointment or removal of the External Auditor;
- the effectiveness of systems of internal financial control and financial risk management;
- the Group's internal audit programme; and
- the effectiveness of the Group's whistleblowing policy and procedures.

During the year, the Committee considered reports from Management and external auditors covering the various judgements used to prepare the Society's financial statements and our annual report to members. It also scrutinised a comprehensive audit plan provided by the Society's external auditor and received assurance about the integrity of the financial statements.

The Committee received reports from the Internal Auditor providing assurance over the risk and control environment in the Society in line with a risk-based plan maintained over the course of the year.

Details of our work, key issues considered, and our conclusions are summarised as follows:

Financial Reporting

Accounting policies

In considering the integrity of the Society's financial statements, the Committee considered in detail areas where significant judgements are necessary and reviewed our accounting policies and confirmed that they were appropriate.

Fair, Balanced and Understandable Report and Accounts

Taken as a whole, the Society's Annual Report and Accounts must be fair, balanced and understandable. After assessing the financial statements, the Committee was satisfied that they detailed both successes and challenges, and fairly represented the results and business performance. It also found that the language used was appropriate (in that it could be understood by a person with reasonable knowledge of the building society and financial services sectors).

The Committee reviewed the Strategic Report and other sections of the Annual Report and was satisfied that it presented an accurate view of the Group's activities, principal risks and uncertainties as well as the work of the Board and its Committees. After considering the Management's report and the Committee's own review, the Committee concluded that it could inform the Board that it found the Annual Report and Accounts to be fair, balanced and understandable.

Going Concern and viability

The Committee reviewed the Going Concern basis of the preparation of the Annual Report and Accounts and the viability of the Society over a three-year period. To do this, the Committee reviewed Management's assessment of the Society's profitability, liquidity, capital and principal risks and uncertainties, as well as the impact of the external environment. As part of the assessment, stress testing was also considered. The Committee was satisfied with the conclusions Management had reached that the Society is a going concern and viable over the period considered and will remain trading for at least 12 months from the date of signing these financial statements.

Key judgements

Revenue Recognition Using The Effective Interest Rate (EIR) Method

The Group recognises mortgage income on an effective interest rate (EIR) basis, which calculates the total value of a mortgage and amortises it over its projected life. The value of the mortgage includes fees and commissions receivable and payable and takes into account any expected variation in interest rates. The Society uses an EIR software tool to ensure accuracy of the EIR modelling. In 2025, management proposed that adjustments be made to the profiles of five of the cohorts of mortgages based on the expected behaviour of those mortgages. The Audit Committee reviewed and approved this proposal, having scrutinised all EIR profiles.

Impairment

Current economic conditions have been characterised by reducing mortgage interest rates and inflation. Pressures on employment and cost-of-living continue but are easing. Management has considered the need for additional provisioning against future arrears as a result of conditions which existed at the year end. The Committee

reviewed the assumptions and judgements made in calculating impairment provisions and considered them appropriate. The Committee reviewed the assumptions and judgements made in calculating impairment provisions including expected House Price Index movements, and considered them appropriate.

Valuation of Lifetime Mortgages and associated swap

The Group has a portfolio of Lifetime Mortgages with an associated swap, both of which are accounted for at fair value through profit or loss to prevent an accounting mismatch. Changes in the fair value of the mortgages and associated swaps are reported within net fair value movements and can give rise to significant volatility in reported income.

The fair value of the mortgages is determined using discounted cash flow techniques, the use of actuarial tables, and recent prepayment experience to estimate redemptions. Expected cash flows are discounted using a discount rate with a number of constituent components requiring Management judgement. This is explained in the Strategic Report on page 31 with further detail included within Note 28 to the accounts.

The Committee has scrutinised the significant assumptions that Management has used in determining the value of key assets and liabilities, including loan impairments, fair value measurements, and provisions. After reviewing these and other reports presented by management, and after discussions with the Group's auditors, the Committee is satisfied that the year-end valuation is appropriate after scrutiny of the assumptions outlined above.

External Audit

BDO acted as the Group's external auditor during 2025. The Committee is responsible for overseeing the relationship with the external auditor, including approving its terms and remuneration.

Timothy Lawrence of BDO has been the Society's Statutory Auditor since 2024, following the rotation of audit partners after five years, a period in line with the firm's rules on independence.

Auditors must resign or re-tender after 10 years, with a successful tender allowing for a maximum of 20 years. BDO was appointed to the Society in

2019 and is due to resign or re-tender in 2029.

Audit Quality And Materiality

The Committee has a responsibility for reviewing the quality and effectiveness of the external audit and formally assesses this on an annual basis, taking into account feedback from all the Committee members and attendees as well as the results of audit quality reviews conducted by the Financial Reporting Council (FRC) on BDO.

The Committee considered the key findings of the FRC review of BDO, concluding that the majority of findings either had no direct impact on the Society's audit or have been appropriately addressed in the planning of the 2025 audit. Overall reviews confirmed that the external auditor was performing in an independent and effective manner, with any areas of feedback being shared with the External Auditor as appropriate.

The Committee approved the scope of the audit plan and considered the proposed materiality level in advance of the annual audit. Materiality is the level at which the External Auditor considers that a misstatement would compromise the truth or fairness of the financial statements. For 2025, group audit materiality was set by BDO at £1.0m (2024: £1.0m), being 1.25% (2024: 1.25%) of net assets.

Audit Independence

BDO has confirmed that it complies with all relevant ethical regulation and professional requirements. No relationships or threats have been identified that may reasonably be thought to affect its objectivity and independence. The Society has a Non-Audit Services Policy, which sets out permitted and non-permitted services that can be carried out by the external auditors. All non-audit services must be approved by the Audit Committee. The fees paid to BDO in total for the year ended 31 December 2025 were £413k (2024: £214k) of which £1k (2024: £1k) were for non-audit services. The value of audit and non-audit fees in respect of the financial year are disclosed in note 5 to the financial statements.

The Committee is satisfied that BDO remained independent throughout the year. BDO's report can be found from page 71.

Internal Audit

PwC continues to act as the Group's Internal Auditor.

The Committee approved the internal audit plan for 2025, having received input from Committee members and Management. During the year, our internal audit function played a vital role in enhancing our governance and operational effectiveness. A comprehensive programme of audits was conducted across various departments, focusing on key areas such as controls and risk management, corporate governance, treasury, responsible lending and IT resilience. These audits not only assessed the adequacy and effectiveness of our internal processes but also identified opportunities for improvement and concluded that our risk and control framework is operating effectively and in line with expectations for our size and complexity.

We remain committed to fostering a culture of continuous improvement, and the insights gained from our internal audits guide our efforts in strengthening our operations and delivering value to our members through a robust control environment. The Committee reviewed progress against the plan throughout the year and considered the conclusions of reports presented to it. The Committee continued to focus on the prompt and effective resolution of any control issues raised by internal audit. As a result, the Committee concluded that the Group's control environment is appropriate for our size and complexity. It also found that the Society is operating effectively.

Other Matters

Whistleblowing

The Society has arrangements in place so that colleagues can raise concerns anonymously or in confidence. These are then properly investigated. Caroline Cartellieri is the Group's Whistleblowing Champion and has overall responsibility for ensuring the Group implements and follows the whistleblowing policy.

In 2025, no whistleblowing reports were filed, and no cases were open at the end of the year.

The Group remains committed to continually evaluating its approach to whistleblowing and its effectiveness and the Committee plays a

key part in this through its regular review of the whistleblowing policy and its effectiveness.

Tax Compliance

The Committee considered the Group's tax approach, reviewing papers covering the various tax exposures to ensure that there were appropriate controls around the tax workings, and ensuring that the Group was not taking advantage of aggressive tax mitigation schemes. The Committee was satisfied that the Group is acting appropriately when accounting for tax.

Audit Committee Effectiveness

The Committee undertakes an annual self-assessment via questionnaires sent to all Committee members and regular meeting attendees. The review concluded that the Committee effectively delivered to its terms of reference (ToR) over the year.

The ToR are reviewed annually and updated to align with the latest governance requirements and best practice. The revised ToR were approved in April 2025 and are published on our website in the following location: www.saffronbs.co.uk/about/corporate-information/board-and-its-committees.

All Committee members are required to keep their knowledge and awareness relevant. The Committee is kept up-to-date with changes to accounting standards and regulatory focus areas for financial reporting through reports and training from Management and the External Auditor.

Separate training materials and horizon-scanning materials are also provided by the Internal Auditor to inform the Committee members of current, relevant topics.

Concluding Remarks

In 2026, the Committee intends to continue to focus its attention on key matters of financial reporting and internal control in the context of the external economic and regulatory environment and the Group's strategic plans.

In the coming year, the Committee will continue to focus on ensuring the Group has a strong financial reporting and control framework and structure which assists decision-making to ensure the long-term sustainable future of the Group. Key focus areas for the Committee in 2026 will be the further

development of internal control procedures and documentation in support of the new Corporate Governance Code declaration requirements, oversight of the transformation agenda and monitoring the Group's AI capabilities.

On behalf of the Audit Committee,

Robin Litten
Chair of Audit Committee
6 March 2026



Board Risk Committee Report

David Rendell



Dear Member,

As Chair of the Board Risk Committee, I am pleased to present the report of our work during 2025.

The Committee comprises five independent Non-Executive Directors appointed by the Nominations Committee to provide the broad range of financial risk, and operational expertise necessary to fulfil our duties.

During 2025, the Committee met five times and attendance is detailed below. Meetings are routinely attended by the CEO, CFO, CRO and CCO by invitation as well as representatives from the Society's Internal Auditor.

The Committee provides reports to the Board on its work throughout the year.

The Committee's effectiveness is reviewed on an annual basis.

Its terms of reference are subject to annual review and available on the Society's website: <https://www.saffronbs.co.uk/about/corporate-information/board-and-its-committees>.



Members	David Rendell	Jaz Saggi	Robin Litten	Caroline Cartellieri	Louise Wilson
Meetings Attended	5/5	5/5	3/5	5/5	5/5

Details of our work, key issues considered and our conclusions are summarised as follows:

The Committee

Under the Committee's terms of reference, the Board Risk Committee (BRC) has responsibility for:

- the effectiveness of the overall system of internal control;
- the plans and activities of risk and compliance teams and the effectiveness and resourcing of those teams;
- internal assessment and recommendation to the board of the adequacy of capital and liquidity resources under stressed scenarios;
- the principal risks faced by the Society, together with evidence that the Society is currently operating within our risk appetite and will continue to do so based on the outlook for those risks;
- review and approval of credit risk in excess of the delegated credit decision authority limit; and
- overseeing the planning and delivery of the annual integrated assurance plan in close liaison with Audit Committee comprising the internal audit and risk management and compliance plans.

Financial Risk Management Objectives and Policies

In executing the Group's strategy, and in undertaking our routine business and activities, the Society is exposed to a range of risks. The primary goal of effective risk management is to ensure that the outcome of risk-taking activity is consistent with the Society's strategies and risk appetite and appropriate for the level and type of risks that it takes, paying attention to regulatory guidance and consumer duty of care.

During 2025 the Society strengthened our definition and assessment of risk appetite, allowing us to anticipate the regulatory change that came into effect on December 5th (the removal of SS20/15 - supervising building societies' treasury and lending activities), requiring building societies to create specific limits within which to manage business activity.

The Committee ensures that there is an appropriate balance between risk and reward in order to optimise Member benefit. When issues arise, they are managed for the best outcome of the Society and our members.

Risk Management Framework

The Society's Risk Management Framework (RMF) was fully redrafted during 2025 with input from an external subject matter expert to more clearly articulate the culture, management levels and escalation process within the society. It provides the foundation for achieving these goals through:

- articulating the Society's risk management practices and procedures;
- documenting a consistent framework for risk management across the Society;
- establishing minimum standards around key risk management framework issues;
- articulating the Society's risk strategy, our risk management framework and risk appetite; and
- directing the approach to risk governance throughout the Society.

The RMF sets out the Society's method of managing risk through:

- detailing the Three Lines of Defence (3LoD) model and its operation;
- determining the responsibilities of the Executive Risk Committees and of individual roles to govern risk and how oversight for these operates ;
- documenting the main risk management processes under its approach of Identify; Evaluate; Mitigate; Report; Manage and Challenge; and
- describing the key risks facing the Society and how they are managed which included the development of a Strategic Risk Register aligned with the Society's longer term strategy..

The RMF is supported by policies and procedures to embed the principles into the business.

During 2025 the Society has continued to embed Consumer Duty activities and made further strides in terms of policy and process related to Financial Crime.

The committee has further extended it's oversight of Operational Resilience, Cyber and People risk.

'Three Lines of Defence'

The Society adopts a "three lines of defence" model to enable it to separate risk management activities between:

- those that own and take risk and implement controls (1st line);
- those that oversee, monitor and challenge the first line (2nd line); and
- the audit functions which provide independent assurance (3rd line).

Risk Governance

The oversight and direction of the Board is central to the Society's risk management framework. The Board exercises governance over risk through a series of Board committees and management structures. Each of the Board committees includes at least two Non-Executive Directors (one of whom chairs the committee), with Management Committee attendees from the Executive and appropriate members of senior management. The committees forming part of the risk management framework can be found on page 47.

Risk Appetite

The Board defines risk appetite as 'the level of risk the Society is prepared to accept whilst pursuing our business strategy as a mutual society set up for the benefit of our members, recognising a range of possible outcomes as the business plan is implemented'. Risk appetite is reflected in qualitative statements set out in the Society's Risk Appetite Statement and in a series of quantitative measures that are approved by and reported to the Board.

Risk appetite is formally reviewed at least annually but may be revised more frequently to reflect emerging risks, changes to the economic and market environment or for any other reasons considered appropriate. All changes are taken to BRC for challenge before being recommended to the Board.

Risk Culture

The Board places significant emphasis on every level of the organisation having an awareness of risk and the importance of effective management of risk. BRC oversees that each department across the organisation takes ownership for the identification and management of risks specific to their areas, with the Board and Management Committees, together with the Three Lines of Defence model ensuring a strong risk culture is embedded throughout the organisation, set by the 'tone from the top'. As a mutual organisation, exemplary conduct is also expected from everyone and conduct is taken into account when making decisions on remuneration across all levels to ensure incentives do not drive poor customer outcomes or excessive risk taking.

Stress Testing

Stress testing is a risk management tool used by the Group to understand the impact of severe but plausible scenarios on our business model.

The Committee reviews and recommends the annual PRA-prescribed Internal Capital Adequacy Assessment Process (ICAAP) and Internal Liquidity Adequacy Assessment Process (ILAAP) to identify and quantify the capital and liquidity risks it faces.

Stress testing is undertaken as part of these processes with the combined output used to inform the Board's risk appetite and policies, together with management actions and contingency plans. In addition, the PRA carries out an assessment of the Society and may issue revised capital or liquidity guidance, specifying minimum capital and liquidity levels based on their assessment of the risks faced by the Group, including under stress.

It is a requirement for all banks and building societies to construct plans that detect possible failure and minimise the consequences of failure should it occur. The Committee has the responsibility to approve at least annually the Society's Recovery Plan that outlines a menu of options the Society could credibly take to recover from an extreme but plausible Society-specific or market-wide stress.

Consumer Duty of Care

The Committee had oversight of Consumer Duty of Care compliance including:

- reviewing the fair value assessment undertaken;
- the remit of the established Customer Focus Committee and Intermediary Oversight Committee, and management of the 12 customer outcomes;
- detail of improved management information and data sources for vulnerable customers and customer insight;
- features of the training and cultural transformation to support colleagues to understand the spirit of consumer duty regulation and hires to support the journey; and
- information of the oversight and governance relating to continued Consumer Duty adherence.

Consumer Duty is now subject to the oversight of a Customer Focus Committee, which provides regular updates to the Board Risk Committee.

Loan Loss Provisioning

The Committee monitors the performance of the Group's loan book throughout the year and reviews the methodologies and assumptions used by management to determine the level of impairment provision required.

The Committee reviewed the approaches used and key assumptions adopted and agreed with the overall level of provisioning held. Following recommendation and approval from BRC, the Audit Committee concluded the assumptions used to support Management's judgement as to the adequacy of impairment provision were appropriate. A risk assessment is undertaken on these assumptions against the Board's risk appetite.

The Group makes use of quantitative models to assess the appropriate level of provisioning. These models were extensively reviewed and enhanced in 2025 to the satisfaction of BRC, allowing for a more accurate calculation of the appropriate provision for impairments and the removal of Management judgement overlays.

Concluding remarks

The Committee conducted its annual review of effectiveness incorporating feedback from members and attendees. The review concluded that it had operated effectively and in accordance with the terms of reference.

In 2026, the Committee intends to continue to give attention to key matters of risk, notably the transformation project, the changing regulatory landscape (permissions and capital), control and governance, Consumer Duty adherence and ensuring the risk appetite aligns to the Society's strategy moving forward.

On behalf of the Board Risk Committee,

David Rendell
Chair of Board Risk Committee
6 March 2026

Remuneration and People Committee Report

Louise Wilson



Dear Member,

The primary objective of the Remuneration & People Committee, under delegated authority from the Board, is to fulfil its oversight and governance responsibilities on aspects of and policies associated with remuneration, organisation effectiveness, culture, and people strategies.

The Committee sets and monitors the level and structure of remuneration, including pension rights and any compensation payments for the Chair, all Executive Directors, and other Remuneration Code staff in line with the UK Corporate Governance Code and the PRA Remuneration Code.

The Committee comprises independent Non-Executive Directors appointed by the Nominations Committee to provide the broad range of people and remuneration expertise necessary to fulfil our duties. During 2025 the Committee met four times and attendance is detailed below. Meetings are routinely attended by the CEO and the Chief People Officer to support the Committee in its work.

The Committee provides reports to the Board on its work throughout the year. Its terms of reference are available on the Society's website: <https://www.saffronbs.co.uk/about/corporate-information/board-and-its-committees> and are subject to annual review.



Members	Caroline Cartellieri	Jaz Saggi	Robin Litten	Mark Preston	Louise Wilson
Meetings Attended	4/4	4/4	3/4	4/4	4/4

General Remuneration Principles

The main aim of the Remuneration Policy is to ensure the remuneration of all colleagues and executives is fair, reflects individual performance, skill, knowledge and competence and is competitive within the financial services market and building society industry.

The Remuneration Policy ensures that strategic objectives and delivery of the business plan can be achieved by attracting, motivating, rewarding and retaining people with the right skills and behaviours. It also promotes and encourages appropriate behaviours aligned with the Society's conduct, culture, values and risk management practices (avoiding incentives which could encourage inappropriate risk taking). Directors and some other key roles are designated as 'Code Staff' under the Regulator's Remuneration Code due to their material impact on the Society's risk profile.

The Remuneration Policy addresses the Corporate Governance Code requirements, and the Committee uses this to ensure that the implementation of the Remuneration Policy takes due consideration of the need for clarity, simplicity, risk, predictability, proportionality and alignment to culture and values.

Remuneration packages are comprised of basic salary, benefits, pension contribution and discretionary bonus payments. Bonus payments reflect both overall organisation performance and individual performance. The bonus scheme is subject to review at least annually and paid out only when affordable.

Remuneration is reviewed annually and considers market and economic conditions, employment competition and the Society's financial performance. The Committee reviews external market benchmarking data to determine appropriate compensation levels to ensure fairness across different roles and responsibilities in the Society.

The Committee is satisfied that the Remuneration Policy meets with the criteria of the Remuneration Code

The Committee and its Work in 2025

The Committee has responsibility for approving the Society's:

- Remuneration policy

- People strategy
- Non-Executive Directors' Expenses policy
- Board Level policies related to people matters

As well as approving the above policies, the Remuneration & People Committee's activities in 2025 included:

- Directors' remuneration review and approval for 2025, including approval of the Corporate Scorecard and objectives
- Consideration of the Society's annual pay review and related rewards for 2025
- Approval and monitoring of the Society's discretionary bonus scheme
- Review of the Society's pension scheme arrangements
- Review and monitoring of the People Strategy linked to the Business Strategy
- Periodical attendance at the People Champions Network meeting to exchange on workplace culture and employee priorities linked to the colleague engagement survey
- Reviewing the approach to Equality, Diversity and Inclusion including an update on the Society's Gender Pay Gap and progress against Women in Finance Charter targets

Pay Review

In July 2025, a 2.5% salary increase was awarded to all colleagues to account for inflation, with some further increases in roles/areas where the external benchmarking showed that the market had become significantly more competitive. This ensured that the Society was benchmarking competitively within the financial services market and wider sectors for similar roles.

The Society exceeds the statutory national minimum wage and meets the voluntary real living wage requirements for 2025-2026. The real living wage is different to the government's minimum wage rate, which for those over the age of 21 is often called the "national living wage". It is a higher, voluntary rate that is independently calculated based solely on the actual cost of living. The real living wage has risen to £13.45 per hour. The Society operates above this figure but intends to maintain real living wage accreditation and continuously considers the salaries of our lower earners beyond the real living wage to support the recruitment and retention needs of the organisation.

All Staff Bonus 2025

The Society performed well in 2025, achieving a record year of mortgage lending, growing savings

balances by over £100m and continuing to offer high levels of service and support to members. Whilst the underlying profit for the year was in line with expectation, the statutory profit number was impacted by accounting fair value adjustments that are explained in the financial review (page 31).

In recognition of the growth of both mortgages and savings, the contribution of colleagues through the year, and the Society's overall performance against our Corporate Scorecard measures, we will pay a bonus to colleagues in March 2026.

This bonus will comprise two components: an 'Our Contribution' award of £1,000 paid at a flat rate to all colleagues (pro-rated) and a 'My Contribution' award which is a percentage of base salary reflecting individual performance, with a range of 0% to 15%.

Report on Directors Remuneration

Executive Directors

Exceptional performance is expected of all Executive Directors, with rewards linked to the promotion and support of Society values and behaviours, including appropriate risk management, financial performance, quality customer service, colleague engagement and individual excellence. In line with other colleagues, the Executive Directors received a salary increase of 2.5%

In determining variable pay awards, our Executive Directors, like colleagues, are measured against the Corporate Scorecard. Taking into consideration the Society's performance last year, the Committee agreed that the bonus award for 2026 should be between threshold and on target for the year. This reflected lower than budgeted statutory profit results, combined with on target or above target delivery of other key measures within the Corporate Scorecard, receiving bonuses within a range of 5% to 20% of salary of which 30% of bonus is deferred over 2 years, with 50% vesting at the end of year 1, and 50% at the end of year 2, subject to a minimum deferral amount of £5,000.

There were no other changes to the variable pay or pension contributions for current Executive Directors in 2025.

Non-Executive Directors

In determining non-executive remuneration, the Committee and the Board take account of fees

payable to Non-Executive Directors and Chairs of building societies that are similar in size and complexity to the Society. To ensure that fees are set at a level to retain and attract individuals of the calibre necessary to operate an organisation such as the Society and which reflect the skills and time commitment required, the Committee periodically commissions a review of non-executive remuneration. In 2025 there was no increase to Non-Executive Directors' fees, and no increase to the Chair's fees. There are no bonus schemes or other benefits for Non-Executive Directors, who are not entitled to any pension from the Group. The recommendation around fees is made by the CEO and Chair. The Chair's fees are discussed and approved by the Remuneration Committee. Full details of individual Director's remuneration are disclosed on the opposite page.

Gender Pay Gap

The Remuneration and People Committee reviews the gender pay gap data annually. The pay gap is calculated by comparing men's and women's average hourly rates and is intended to measure workplace disadvantage. This calculation is conducted at an aggregate level and therefore does not consider the roles each person performs.

Saffron has excellent representation of women in the workplace, with women making up 57 % of our workforce. However, the Society, like other financial retail businesses, has a high number of female staff in lower-paid roles. One reason for this is that more junior roles in the organisation, such as those in our branches, are more easily able to accommodate part-time working patterns, which women are more likely to perform. This is reflected in our colleague make-up, with most of our part-time colleagues being female. These factors contribute to the gender pay gap, which is calculated using average hourly pay. The gender pay gap for 2025 was 30%, an improvement from the 35% level recorded in 2024.

While there is a gender pay gap, there is no gap in equal pay in the Society. Our analysis tells us that where we have men and women performing the same role, they are equally remunerated. The Society updated its Equality, Diversity and Inclusion Policy in 2025, including the incorporation of our wellbeing commitments. A key component is our ongoing commitment to gender equality demonstrated through our signature to the Women in Finance Charter, ensuring we have a cohesive set of actions to improve the representation of women in more senior roles

in our organisation through positive action. This includes areas of focus such as improving our family friendly benefits, mentoring for talented women and a focus on diversity in succession plans. In 2025 we were proud to receive official accreditation as a menopause friendly employer, becoming one of just eight financial institutions to achieve this recognition.

Concluding Remarks

The Committee conducted its annual review of effectiveness incorporating feedback from members and attendees. The review concluded

that it had met its terms of reference with opportunities to improve how it operates and there were areas to enhance its oversight and the role it plays in the Society.

On behalf of the Remuneration and People Committee,

Louise Wilson

Chair of Remuneration and People Committee
6 March 2026

					2025 (£)			2024 (£)		
	Salary	Bonus earned in relation to financial year	Other benefits	Pension	Total	Salary	Bonus earned in financial year	Other benefits	Pension	Total
Executive										
C H Field	£242,100	£41,667	£26,157	£32,684	£342,608	£235,050	£52,602	£25,195	£31,732	£344,579
J Penberthy-Smith	£188,438	£32,432	£20,662	£13,403	£254,935	£182,930	£46,525	£19,633	£13,403	£262,491
M L Mills ⁷	£54,600	£8,395	£6,749	£4,641	£74,385	£160,650	£32,760	£16,672	£13,655	£223,737
Total	£485,138	£82,494	£53,568	£50,728	£671,928	£578,630	£131,887	£61,500	£58,790	£830,807
Non-Executive										
M Preston ²	£65,000	-	-	-	£65,000	£27,083	-	-	-	£27,083
A Cha ¹	£39,000	-	-	-	£39,000	£9,750	-	-	-	£9,750
A Hatchman ³	£48,336	-	-	-	£48,336	£3,250	-	-	-	£3,520
J A Ashmore ⁴	-	-	-	-	-	£20,130	-	-	-	£20,130
D Rendell	£50,052	-	-	-	£50,052	£49,182	-	-	-	£49,182
R Litten	£50,052	-	-	-	£50,052	£49,182	-	-	-	£49,182
J Saggi	£39,000	-	-	-	£39,000	£38,038	-	-	-	£38,038
B Anderson ⁵	-	-	-	-	-	£6,695	-	-	-	£6,695
C Cartellieri	£51,108	-	-	-	£51,108	£47,384	-	-	-	£47,384
G Dunn ⁶	-	-	-	-	-	£35,702	-	-	-	£35,702
L Wilson ¹	£50,050	-	-	-	£50,050	£9,750	-	-	-	£9,750
Total	£392,598	-	-	-	£392,598	£296,146	-	-	-	£296,146
Grand Total:	£877,736	£82,494	£53,568	£50,728	£392,598	£874,776	£131,887	£61,500	£58,790	£1,126,953

1 Appointed 1 October 2024

2 Appointed 1 August 2024

3 Appointed 1 December 2024

4 Resigned 30 April 2024

5 Resigned 15 January 2024

6 Appointed 9 February 2024, resigned 21 September 2024

7 Maurice Mills resigned from Board duties November 2025. Remuneration figures presented for Maurice reflect the period to April 2025. Lara Banjo was appointed interim CFO from May 2025 and was made permanent CFO on 1 January 2026.



Transformation Committee Report

Alexandra Hatchman

“

Dear Member,

As Chair of the Transformation Committee, I am delighted to present the report of our work since the Committee was established in June 2025. The Committee is a delegated committee of the Board and was created to assist the Board in fulfilling its oversight responsibilities for the Society’s transformation plans, ensuring they remain aligned to its strategic ambitions and can be delivered efficiently and effectively for the benefit of members.

The Committee’s core membership comprises of three Non-Executive Directors and Executive management, including the Chief Executive Officer, Chief Transformation Officer and Chief Financial Officer. Together, the Committee provide a broad range of strategic, financial and change expertise. The Society is one of the first building societies to introduce a Transformation Committee. Having worked in Strategy and Transformation throughout my career, I am proud to say that the calibre of the Society’s Transformation Committee is excellent.

”

Members	Alexandra Hatchman	Caroline Cartellieri	Jaz Jaggu	Colin Field	John Penberthy-Smith	Lara Banjo	Qasir Aslam
Meetings Attended	4/4	4/4	4/4	4/4	4/4	3/3*	1/1*

* joined in May 2025 as interim CFO

** joined in November 2025

Terms of Reference

Under our terms of reference, the Committee's responsibilities include:

- reviewing and approving the Annual Transformation Plan, ensuring the schedule of work for the financial year is aligned to the overall strategy as agreed with the Board;
- evaluating key strategic decisions and business cases, including investment plans and operational milestones, and making recommendations to the Board as appropriate; and
- monitoring delivery through regular review of operational milestones and financial benefits.

The Committee is also responsible for horizon scanning to respond to developments in the macro economy, financial services and/or the building society sector; and it works closely with other Board Committees, including the Board Risk Committee and the Remuneration and People Committee, where delivery risks, people impacts and cultural considerations arise.

Meetings are held at least four times a year and supported by the Board Secretary, who ensures the timely provision of information and the proper recording of proceedings. We have an ambitious agenda and in the first six months since the inception of the Transformation Committee, four meetings have been held.

Key Focus Areas

Thus far the Committee has focused on establishing robust governance for a select number of core initiatives that underpin the Society's long term strategy, in particular:

- replacement of the mortgage origination platform to improve the experience for members and intermediary partners, and drive efficiency;
- migration of key services into the cloud to modernise the Society's technology estate and build operational resilience; and
- ongoing development of the Society's infrastructure to help transform us into a data driven and information-rich organisation.

These initiatives are expected to improve operational resilience, enhance member experience and support sustainable growth.

Concluding Remarks

The Society's transformation programme is designed to improve long-term efficiency and resilience, enabling us to remain competitive in a challenging margin environment while continuing to deliver value to members.

The Committee has provided robust challenge and support to the transformation agenda since its inception in June 2025. The focus for 2026 remains on disciplined execution of the approved plan within risk appetite, delivering tangible benefits to the Society, for colleagues and most importantly, for members.

On behalf of the Transformation Committee,

Alexandra Hatchman

Chair of Transformation Committee
6 March 2026

Directors' Report

The Directors submit their Report prepared in the context of the UK Corporate Governance Code and in accordance with the requirements of the Building Societies Act. The Directors' Report should be read in conjunction with the Chair's Statement, Chief Executive's Report and Strategic Report.

Information presented in other sections

Certain information required to be included in a Directors' Report can be found in the other sections of the Annual Report and Accounts as described below. All the information to be presented in these sections is incorporated by reference into this Directors' Report and is deemed to form part of this Report

Business objectives and activities	Strategic Report (pages 14 to 19)
Business review and future developments	Strategic Report (page 31 to 36)
Principal risks and uncertainties	Strategic Report (pages 37 to 39)
Financial risk management objectives and policies, and risk exposures	Strategic Report (page 42 to 43 and Note 28 to the Accounts)
Disclosure requirements under CRDIV country by country reporting	Note 31 to the Accounts

Results

For the year ended 31 December 2025, the Group reported an underlying profit before tax of £3.8m (2024: £7.9m) and a profit before tax of £0.3m (2024 profit: £5.6m).

The Group's profit after tax transferred to general reserves was £0.2m (2024 profit: £4.1m).

Capital

Group gross capital as of 31 December 2025 was £93.2m (2024: £93.7m) being 6.5% of total shares and borrowings (2024: 6.8%). Free capital on the same date was £85.5m (2024: £86.8m) and 6.0% of total shares and borrowings (2024: 6.3%).

Mortgage Arrears

As of 31 December 2025, the Group had 14 properties (2024: 15) where payments were 12 months or more in arrears. On 31 December 2025, the Group held 10 properties (2024: 11) in possession. Further information on the quality of the Group's loan portfolio, including information on loan forbearance activities can be found in Note 28 to the Accounts.

Supplier Payment Policy

The Group will discharge suppliers' invoices within agreed terms when they fully conform to the terms and conditions of the purchase.

Charitable and Political Donations

During the year, the Group made donations totalling £83,272 (2024: £160,985) to charities and other organisations. No contributions were made for political purposes (2024: nil).

Directors' Responsibilities in Respect of The Annual Report, Annual Business Statement, Directors' Report and Annual Accounts

The Directors are required by the Building Societies Act 1986 ('the Act') to prepare annual accounts each year which give a true and fair view of the

- state of the affairs of the Society and the Group at the end of the financial year;
- income and expenditure of the Society and the Group for the financial year; and
- details of Directors' emoluments in accordance with Part VIII of the Act and regulations made under it.

In preparing these accounts, the Directors are required to:

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

In addition to the accounts, the Act requires the Directors to prepare an Annual Business Statement and a Directors' Report each year. Both contain prescribed information relating to the business of the Society and our subsidiaries.

Directors' responsibilities for accounting records and internal controls

The Directors are responsible for:

- ensuring the Society and subsidiary undertakings keep accounting records in accordance with the Act;
- taking reasonable care to establish, maintain, as are appropriate to our business in accordance

with the rules made by the Financial Conduct Authority under the Financial Services and Markets Act 2000; and

- safeguarding the assets of the Group and taking reasonable steps for the prevention and detection of fraud and other irregularities.

Going Concern

The Directors are required to prepare financial statements on a going concern basis unless it is inappropriate to presume that the Society and the Group will continue in business for at least 12 months from the date of signing the financial statements.

To assess the going concern status, the Directors have reviewed forecasts, budgets and stress tests to evaluate the potential financial and operational performance of the business under a range of economic and market conditions. This informs their assessment as to whether the Group and Society are a going concern.

- The Society has proven access to liquidity, including central bank facilities available through our collateralised loan book. This ensures the Society can meet both routine operational demands and requirements of modelled stress scenarios. The liquid assets are structured in a way that allows the Society to repay maturing wholesale funding and to meet potential increases in demand from retail investors.
- The Society's current capital resources meet regulatory requirements. The Directors are confident that future plans and forecasts demonstrate sufficient capital generation to maintain levels well above regulatory minimums under both central and stressed scenarios.
- The Society has demonstrated operational resilience, including during periods of significant disruption. The prior investments in IT infrastructure and implementation of robust risk management processes have been crucial to maintaining operations during challenging times

Based on the assessments performed, the Directors are satisfied that the Society and the Group have the necessary financial and operational resources to continue meeting their obligations and supporting their strategic objectives over the next 12 months.

The Directors therefore conclude that there is no material uncertainty regarding the Society and the Group's ability to continue as a going concern, and it is appropriate to prepare the financial statements on a going concern basis.

Business associates

We would like to thank our solicitors, internal and external auditors and professional advisors for their

continued support during the year.

Directors

The following served as Directors of the Society during the year and up to the date of signing the accounts, except where indicated:

Executive Directors

C Field (Chief Executive Officer)
J Penberthy-Smith (Chief Commercial Officer)

Non-Executive Directors

M Preston (Chair)
D R Rendell
R Litten
J Saggiu
C Cartellieri (Senior Independent Director)
A Cha
L Wilson
A Hatchman

All non-retiring Directors will stand for election or re-election. Biographies of the Directors appear on pages 48 to 50. None of the Directors hold any shares in, or debentures of, any associated body of the Society.

Auditor

A resolution to re-appoint BDO LLP as Auditor to the Group will be proposed at the Annual General Meeting.

Events since the year end

The Directors consider there has been no other events since the end of the financial year which would have a material effect on the financial position of the Group as disclosed in the Annual Accounts.

Colin Field
Chief Executive Officer
On behalf of the Board
6 March 2026

Independent auditor's report to the Members of Saffron Building Society

Opinion on the financial statements

In our opinion, the financial statements:

- Give a true and fair view of the state of the Group and of the Society's affairs as at 31 December 2025 and of the Group's profit and of the Society's profit and the Group's cash flows for the year then ended;
- The Group and the Society's Financial Statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- The Financial Statements have been prepared in accordance with the requirements of the Building Societies Act 1986.

We have audited the financial statements of Saffron Building Society (the 'Society') and its subsidiaries (the 'Group') for the year ended 31 December 2025 which comprise the Group and Society Income Statement, the Group and Society Statement of Comprehensive Income, the Group and Society Statement of Financial Position, the Group and Society Statement of Changes in Members' Interests, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit Committee.

Independence

We remain independent of the Group and Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Society.

Overview

		2025	2024
Key audit matters	Revenue Recognition (effective interest rate adjustment)	✓	✓
	Impairment losses on loans and advances	✓	✓
	Valuation of lifetime mortgages	✓	✓
Materiality	Group financial statements as a whole:		
	£1.05m (2024: £1.0m) based on 1.25% (2024: 1.25%) of Net assets (2024: Net assets)		

Conclusions relating to going concern

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

- Reviewing the Internal Capital Adequacy Assessment Process (ICAAP), Internal Liquidity Adequacy Assessment Process (ILAAP) and regulatory capital adequacy ratio;
- Assessing the appropriateness of the assumptions and judgements made by the Directors in their base forecast and stress-tested forecast, including reverse stress test scenarios. In doing so we compared key assumptions such as forecast growth to historic actuals and relevant market data and considered the historical accuracy of the Directors' forecasts;
- Assessing how the Directors have factored in key external factors expected to affect the Group and Society such as the changes in interest rates and house prices, current uncertain geopolitical and economic outlook and their corresponding economic impact checking these had been appropriately considered as part of the Directors' going concern assessment;
- Reviewing regulatory correspondences;
- Reviewing going concern disclosures in the accounts; and
- Comparing the historical budget information with actual results

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 Group's and Society's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group and the Society's ability to continue as a going concern.

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the Group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

Components in scope

There are 3 entities within the Group, including the Society. The nature of the entities in the Group is as follows:

- 2 entities are operating, including the Society.
- 1 entity is not carrying on business and has no financial impact on the financial statements.

The control environment is consistent across the Group, as the finance and IT teams are centralised in one location, i.e., the United Kingdom.

As part of performing our Group audit, we have determined the components in scope as follows:

Based on the nature of the entities in the Group, and the processes and controls of the entities, we deemed there to be 2 components:

- Saffron Building Society
- Crocus Home Loans Limited

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence. These further audit procedures included procedures on the entire financial information of the component, including performing substantive procedures, and testing the operating effectiveness of controls.

The Group engagement team has performed all procedures directly and has not involved component auditors in the Group audit.

Procedures performed centrally

We considered there to be a high degree of centralisation of financial reporting and commonality of controls specific to loan and advances to customers, where we perform procedures centrally over this area.

We therefore designed and performed procedures centrally in this area.

Changes from the prior year

There have been no significant changes on the Group audit scope from the prior year.

Climate Change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report and Accounts;
- We assessed how the Group considers the impact of physical risks on the valuation of mortgage collateral. Specifically, we performed climate risk data analytics risk assessment procedures to understand the potential impact of flooding

and subsidence on the valuation of mortgage collateral and made enquiries of management to understand how this is considered within their own collateral valuation process; and

- Review of the minutes of Board and Audit Committee Meeting and other papers related to climate change and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic report may affect the financial statements and our audit.

The management disclosures on pages 37-43 form part of the "Other Information," rather than the audited financial statements. Our responsibilities in relation to the "Other Information" are described in the relevant section of this report and our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements or our knowledge obtained from the audit or otherwise appear to be materially misstated.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

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

Key Audit Matter

Revenue recognition (effective interest rate adjustment)

The Group's accounting policies are disclosed in note 1 with detail about judgements in applying accounting policies and critical accounting estimates on page 85.

As disclosed in note 2 the interest income on loans and advances recognised using the effective interest rate is £58.3m (2024: £54.8m)

The Group's mortgage interest income is recognised using an effective interest rate ("EIR") method in accordance with the requirements of FRS 102 Section 11.

Management judgement is required in initially recognising financial instruments under the EIR method, and assumptions made by management will also impact subsequent amortisation of EIR adjustments.

The calculation of the effective interest rate method includes directly attributable contractual transaction costs and fees paid or received where the future cash flow can be measured reliably.

We assessed the period over which to defer these costs and fees, (the 'behavioural life') which is determined by reference to analysis of historical customer behaviours of the EIR calculation as most critical and requiring increased audit focus. Given the significant management judgements and assumptions involved, we identified this as a fraud risk relating to potential management bias.

Impairment losses on loans and advances

The Group's accounting policies are detailed in note 1 with detail about judgements in applying accounting policies and critical accounting estimates on page 85.

As disclosed in note 12, the collective impairment losses on loans and advances is £855k (2024: £844k).

The Group accounts for the impairment of loans and advances to customers (excluding lifetime mortgages) using an incurred loss model.

Estimating the collective loan loss provision requires significant management judgement and estimate in determining the value and timing of expected future cash flows.

The collective provision is calculated within a model that uses a combination of the Group's historical experience and segmentation of the loans by risk and external data.

Based on our risk assessment, we deem the risk associated with the judgements made in determining the loss given default specifically the force sale discount to the collective provision to be significant.

How the scope of our audit addressed the key audit matter

To address the significant risk we identified, we carried out the following procedures:

We assessed the design and implementation of the controls over the effective interest rate process performed by the Group.

We assessed whether the Group's revenue recognition policies comply with the applicable accounting framework. This involved assessing the appropriate types of fees and costs allocated within the effective interest rate models against the requirements of the relevant financial reporting standard.

We tested the completeness and accuracy of data and key model inputs feeding into the EIR models by agreeing samples back to the source documents. This included the data used in the historical behavioural life redemption profiles.

We independently validated the accuracy and logic in the models used to calculate material effective interest rate adjustments.

We utilised data analytics to perform a full recalculation of the effective interest rate adjustment for material buckets of loans.

We assessed and challenged management's expected repayment profile assumptions against recent historical experience, our knowledge of the industry, and our understanding of the entity. Our challenges include enquiries outside of the finance team, with commercial product managers around the expectation of loan redemption profiles and business changes that could impact redemption profiles. We independently researched about the mortgage market to identify any trends or events that may present contradictory evidence to be used as a basis to challenge management on the curve assumptions and we performed a stand back assessment to determine how management's estimates of behavioral lives in the past have trended against actual results

Based on this assessment, we considered whether any adjustments to recent historical redemption profiles used in the EIR model are appropriate to reflect expected changes in future redemption profiles.

We assessed the model's sensitivity to changes in behavioural life.

We reviewed the relevant effective interest rate disclosures made by management for compliance with accounting standards and agreed the disclosures to supporting evidence.

Key observations:

Based on the procedures we performed, and the evidence obtained we concluded that the EIR adjustments were reasonable and complied with the requirements of FRS 102 section 11.

To address the significant risk we identified, we carried out the following procedures:

We assessed the design and effectiveness of controls over the estimation of the loan loss provision.

We assessed the collective provision methodology against the requirements of applicable accounting standards.

We involved our valuation experts in assessing the appropriateness of the significant assumptions including the appropriateness of the customer loan segmentation.

We challenged management on the judgements applied and performed benchmarking which included against similar building societies and other market data to determine the reasonableness of the haircut applied.

We performed sensitivity analysis over the haircut applied and assessed the impact on the provision.

For a sample of loans, we validated the collateral value by independently sourcing the HPI used and verifying to the indexed property value.

We considered the historical performance of the model based on actual results.

We independently validated the accuracy of provisions calculations.

We assessed the adequacy of the Group's disclosures in respect of loan loss provisioning and of the degree of estimation uncertainty involved in arriving at the provision.

Key observations:

Based on the procedures we performed, and the evidence obtained we concluded that the overall level of the collective impairment provision held is reasonable.

Key Audit Matter

How the scope of our audit addressed the key audit matter

<p>Valuation of lifetime Mortgages</p> <p>The Group's accounting policies are detailed in note 1 with detail about judgements in applying accounting policies and critical accounting estimates on page 85.</p> <p>As disclosed in note 4, the change in fair value of the lifetime mortgages portfolio is £797k (2024: £3.96m)</p>	<p>The Group has elected to account for its portfolio of lifetime mortgages at fair value through profit or loss.</p> <p>The Group has economically hedged the lifetime mortgage portfolio so an accounting measurement mismatch would potentially exist if the mortgage portfolio were accounted for at amortised cost while the hedging instruments, interest rate swaps, were accounted for at fair value, creating potential income statement volatility.</p> <p>The fair value of the lifetime mortgages is the present value of estimated future cashflows less the No Negative Equity Guarantee ("NNEG") provision.</p> <p>The NNEG is materiality sensitive to the judgments about future Housing Price Index (HPI) Growth and HPI volatility.</p> <p>The discount rate used to determine the present values of the cashflows associated with the lifetime mortgages and NNEG is subject to a significant degree of management judgement in determining the illiquidity premium.</p> <p>We deem the risk associated with the judgements made in determining the HPI growth, HPI volatility and the illiquidity premium in the discount rate to be significant.</p>	<p>Key observations:</p> <p>To address the significant risk we identified, we carried out the following procedures:</p> <p>We assessed the design and implementation of controls over the valuation of the lifetime mortgage portfolio.</p> <p>We assessed the election to account for the lifetime mortgage portfolio at fair value through profit or loss in accordance with the requirements of applicable accounting standards.</p> <p>With the assistance of our internal valuation experts, we</p> <ul style="list-style-type: none"> • reviewed and assessed the appropriateness of the valuation models used to determine the fair value of the lifetime mortgages adjusted for the NNEG; • reviewed and validated the accuracy and appropriateness of the model calculation logic which computes the fair value of the lifetime mortgage portfolio including the NNEG component; • tested the completeness and accuracy of data inputs in the valuation models; • independently estimated the fair value of hedging instruments in an economic hedge with the lifetime portfolio; • challenged assumptions used in the models, including the discount rate, prepayment rate, HPI growth rate, HPI volatility, and other assumptions used in the valuation. We compared observable assumptions within the models, including mortality rates, HPI growth rate and HPI volatility assumptions to observable market data; and • challenged the discount rate methodology and inclusion of an illiquidity premium used by management, by estimating an acceptable range of the discount rate based on a bottom-up approach, calibrating the rate to market observable data, and performing a sensitivity analysis on the discount rate. <p>Key observations:</p> <p>Based on our audit work performed, we consider the key assumptions and judgements made in determining the fair valuation of the lifetime mortgages to be reasonable.</p>
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Our application of materiality

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

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

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

	Group financial statements		Society financial statements	
	2025 £m	2024 £m	2025 £m	2024 £m
Materiality	1.05	1.0	1.0	0.99
Basis for determining materiality	1.25% of Net assets	1.25% of Net assets	1.25% of Net assets	1.25% of Net assets
Rationale for the benchmark applied	We determined that Net assets was the most appropriate benchmark considering the different stakeholders. The benchmark aligns with the purpose of the Group which is to optimise rather than maximise profits.		We determined that Net assets was the most appropriate benchmark considering the different stakeholders. The benchmark aligns with the purpose of the Society which is to optimise rather than maximise profits.	
Performance materiality	0.79	0.77	0.75	0.70
Basis for determining performance materiality	75% of materiality	75% of materiality	75% of materiality	75% of materiality
Rationale for the percentage applied for performance materiality	In determining performance materiality, we considered factors such as our assessment of the Group's overall control environment, and expected total value of known and likely misstatements, based on past experience.			

Component performance materiality

For our Group audit opinion, we set performance materiality for each component, except for the Society, whose materiality is detailed above, dependent on a number of factors including the risk assessment, aggregation risk and history of misstatements. Component performance materiality was set at £315k (2024: £335k) for Crocus Home Loans Limited.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £41k (2024: £41k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

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

We have nothing to report in this regard.

Other Building Societies Act 1986 reporting

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

	In our opinion, based on the work undertaken in the course of the audit:
Annual business statement and Directors' report	<ul style="list-style-type: none"> The annual business statement and the Directors' report have been prepared in accordance with the requirements of the Building Societies Act 1986; The information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and The information given in the annual business statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given. <p>In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.</p>
Matters on which we are required to report by exception	<p>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:</p> <ul style="list-style-type: none"> adequate accounting records have not been kept by the Society; or the Society financial statements are not in agreement with the accounting records; or we have not received all the information and explanations we require for our audit.

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

In our opinion the information given on page 112 for the financial year ended 31 December 2025 has been properly prepared, in all material respects, in accordance with the Capital Requirements (Country-by-Country Reporting) Regulations 2013.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities in respect of the Annual Report, Annual Business Statement, Directors' Report and Annual Accounts section included in the Directors' Report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and 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 Group or Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Non-compliance with laws and regulations

Based on:

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

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

The Group and Society are also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be requirements of the Prudential

Regulation Authority (PRA), Financial Conduct Authority (FCA) and relevant tax legislations.

Our procedures in respect of the above included:

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

Irregularities including fraud

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

- Enquiry with management, those charged with governance and the internal audit function regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's and Society's policies and procedures relating to:
 - o Detecting and responding to the risks of fraud; and
 - o Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

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

Our procedures in respect of the above included:

- Reading minutes of meetings of those charged with governance, reviewing internal audit reports and correspondence with the FCA and the PRA for instances of fraud;
- Testing a sample of journals throughout the period to determine the appropriateness of journal entries and other adjustments by agreeing them to supporting documentation, and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- Assessing significant estimates made by management for bias (refer to the key audit matters section for procedures performed).

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

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

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

Other matters which we are required to address

We were appointed by the Board of Directors on 19 June 2019 to audit the financial statements for the year ended 31 December 2019 and subsequent financial periods.

Our total uninterrupted period of engagement is 7 years, covering the periods ended 31 December 2019 to 31 December 2025.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

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

Timothy Lawrence (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
6 March 2026
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The Accounts 2025



The Accounts

Income Statement for the year ended 31 December 2025	Notes	2025 (£000)		2024 (£000)	
		Group	Society	Group	Society
Interest receivable and similar income	2	81,109	80,459	86,571	85,985
Interest payable and similar charges	3	(52,655)	(52,655)	(57,045)	(57,045)
Net interest income		28,454	27,804	29,526	28,940
Fees and commissions receivable		254	328	182	237
Fees and commissions payable		(693)	(675)	(697)	(678)
Net fair value movements	4	(3,474)	(3,266)	(1,036)	(706)
Total net income		24,541	24,191	27,975	27,793
Other operating income*		441	441	559	559
Administrative expenses	5	(23,054)	(23,048)	(20,634)	(20,633)
Depreciation and amortisation	15,16	(882)	(882)	(761)	(761)
Other operating charges**		(155)	(155)	(1,808)	(1,808)
Loss on disposal of property, plant and equipment and investment properties		-	-	(7)	(7)
Operating profit before impairment losses and provisions		891	547	5,324	5,143
Impairment (losses) / recoveries on loans and advances	12	(564)	(409)	277	277
Operating profit before tax		327	138	5,601	5,420
Tax	8	(132)	(132)	(1,524)	(1,482)
Profit for the financial year		195	6	4,077	3,938

Profit for the financial year arises from continuing operations. Both the profit for the financial year and total comprehensive income for the financial year are attributable to members of the Society.

*Other operating income in 2024 consists of £400k (2025: £nil) arising from the gain on the refinance of subordinated debt.

**Other operating charges in 2024 consists of exceptional Philips Trust Corporation costs amounting to £1,666k (2025: £182k credit through Other operating income).

Statement of comprehensive income for the year ended 31 December 2025	Notes	2025 (£000)		2024 (£000)	
		Group	Society	Group	Society
Profit for the financial year		195	6	4,077	3,938
Available for sale reserve					
Valuation (loss) / gain taken to reserves	23	1,189	1,189	(523)	(523)
Amount transferred to income statement		-	-	4	4
Net actuarial gain/(loss) recognised in the defined benefit pension scheme	27	(58)	(58)	652	652
Unrealised gain on revaluation of property plant and equipment.		-	-	-	-
Tax relating to components of other comprehensive income		(281)	(281)	34	34
Total comprehensive income for the year		1,045	856	4,240	4,101

Group	Notes	2025	2024
		(£000)	(£000)
Statement of Financial Position			
at year ended 31 December 2025			
Assets			
Liquid assets			
Cash in hand and balances with the Bank of England		41,395	82,862
Treasury bills	9	69,321	35,674
Loans and advances to credit institutions	9	29,371	16,633
Debt securities	9	178,658	141,229
Total liquid assets		318,745	276,398
Derivative financial instruments	10	4,254	14,350
Loans and advances to customers	11	1,207,466	1,178,496
Investment properties	14	2,420	2,290
Intangible Assets	15	1,305	1,346
Property, plant and equipment	16	5,320	4,595
Prepayments & accrued income	17	3,201	1,985
Current tax asset	17	641	500
Deferred tax asset	17,22	-	428
Pension asset	27	1,458	-
Total assets		1,544,810	1,480,388
Liabilities			
Shares	18	1,221,693	1,121,099
Amounts owed to credit institutions	19	75,543	124,888
Amounts owed to other customers		135,124	129,208
Derivative financial instruments	10	11,140	6,892
Other liabilities	20	1,992	954
Accruals and deferred income	20	2,495	2,420
Provisions for liabilities	20	144	144
Deferred tax liability	26	707	-
Pension liability	27	-	48
Subordinated liabilities	21	12,533	12,341
Total Liabilities		1,461,371	1,397,973
Reserves			
General reserves		82,038	81,885
Available for sale reserve	23	465	(427)
Revaluation reserve	24	936	936
Total reserves and liabilities		1,544,810	1,480,388

These accounts were approved by the Board of Directors on 6 March 2026 and were signed on its behalf by:

C H Field
(Chief Executive Officer)

R S P Litten
(Director)

Society
Statement of Financial Position
at year ended 31 December 2025

		2025 (£000)	2024 (£000)
	Notes	Society	Society
Assets			
Liquid assets			
Cash in hand and balances with the Bank of England		41,395	82,862
Treasury bills	9	69,321	35,674
Loans and advances to credit institutions	9	29,371	16,633
Debt securities	9	178,658	141,229
Total liquid assets		318,745	276,398
Derivative financial instruments		4,254	14,350
Loans and advances to customers	11	1,188,006	1,156,351
Investments in subsidiary undertakings	13	16,053	18,870
Investment properties	14	2,420	2,290
Intangible assets	15	1,305	1,346
Property, plant and equipment	16	5,320	4,595
Prepayments & accrued income	17	3,201	1,985
Current tax asset	17	620	535
Deferred tax asset	17,22	-	428
Pension asset	27	1,458	-
Total assets		1,541,382	1,477,148
Liabilities			
Shares	18	1,221,693	1,121,099
Amounts owed to credit institutions	19	75,543	124,888
Amounts owed to other customers		135,124	129,208
Derivative financial instruments	10	11,140	6,892
Other liabilities	20	1,992	954
Accruals and deferred income		2,475	2,399
Provisions for liabilities	20	144	144
Deferred tax liabilities		707	-
Pension liability		-	48
Subordinated liabilities	21	12,533	12,341
Total liabilities		1,461,351	1,397,973
Reserves			
General reserves		78,630	78,666
Available for sale reserve	23	465	(427)
Revaluation reserve	24	936	936
Total reserves and liabilities		1,541,382	1,477,148

These accounts were approved by the Board of Directors on 6 March 2026 and were signed on its behalf by:

C H Field
(Chief Executive Officer)

R S P Litten
(Director)

Statement of changes in members' interests

Group 2025

	(£000)			
	General reserve	Available for sale reserve	Revaluation reserve	Total
Balance as at 1 January 2025	81,885	(427)	936	82,394
- Profit for the financial year	195	-	-	195
- Other comprehensive income/(charge) for the year	(42)	892	-	850
Total comprehensive income/(charge) for the year	153	892	-	1,045
Balance as at 31 December 2025	82,038	465	936	83,439

Group 2024

Balance as at 1 January 2024	77,254	(35)	936	78,155
- Profit for the financial year	4,077	-	-	4,077
- Other comprehensive (charge)/income for the year	555	(392)	-	163
Total comprehensive income/(charge) for the year	4,632	(392)	-	4,240
Balance as at 31 December 2024	81,885	(427)	936	82,394

Society 2025

Balance as at 1 January 2025	78,666	(427)	936	79,176
- Profit for the financial year	6	-	-	6
- Other comprehensive income/(charge) for the year	(42)	892	-	850
Total comprehensive income for the year	(36)	892	-	856
Balance as at 31 December 2025	78,630	465	936	80,031

Society 2024

Balance as at 1 January 2024	74,174	(35)	936	75,075
- Profit for the financial year	3,938	-	-	3,938
- Other comprehensive (charge)/income for the year	555	(392)	-	163
Total comprehensive income for the year	4,493	(392)	-	4,101
Balance as at 31 December 2024	78,666	(427)	936	79,176

Group cash flow statements
for the year ended 31 December 2025

		2025 (£000)	2024 (£000)
	Notes	Group	Group
Cash flows from operating activities			
Profit before tax		327	5,601
Interest on subordinated liabilities	3	1,500	1,322
Gain on repayment of subordinated debt		-	(400)
Net derivative financial instruments		(3,004)	(12,976)
Gain on revaluation of investment property		(130)	(60)
Loss on impairment of intangible assets	15	-	8
Depreciation and amortisation	15,16	883	762
Increase/(Decrease) in impairment of loans and advances	12	324	(270)
(Increase)/Decrease in loans and advances to credit institutions		(11,641)	1,970
Increase in loans and advances to customers		(18,474)	(48,697)
(Increase)/Decrease in prepayments, accrued income and other assets		(3,729)	(188)
Increase in shares		97,664	84,257
Cash received on derivative instruments		8,259	15,853
Cash paid on derivative instruments		(1,255)	(1,626)
Decrease in amounts owed to credit institutions (3)		(48,282)	(79,734)
Increase in amounts owed to other customers		5,977	34,339
Increase in accruals, deferred income and other liabilities		3,541	2,382
Net tax received/(paid)		665	(900)
Net cash inflow from operating activities		32,625	1,643
Cash flows from investing activities			
Purchase of debt securities and treasury bills	9	(246,043)	(292,595)
Disposal of debt securities and treasury bills	9	176,156	220,285
Purchase of property, plant and equipment		(1,200)	(724)
Purchase of intangible fixed assets		(367)	(874)
Net cash used in investing activities		(71,454)	(73,908)
Interest on subordinated liabilities	3	(1,500)	(1,322)
Cash received on issue of subordinated liabilities		-	12,000
Cash paid on repayment of subordinated debt		-	(9,600)
Cash paid/(received) on derivative instruments		(40)	(61)
Net cash used in financing activities		(1,540)	1,017
Net decrease in cash and cash equivalents		(40,370)	(71,248)
Cash and cash equivalents at beginning of the year		84,280	155,528
Cash and cash equivalents at end of the year (2)		43,911	84,280

Notes:

1) All cash flows are stated inclusive of VAT where applicable.

2) Cash and cash equivalents comprise cash in hand £41,395k (2024: £82,862k) and loans and advances to credit institutions repayable on call and short notice of £2,515k (2024: £1,418k).

3) The Society repaid £100m (2024: £30m) of its Term Funding Scheme with additional incentives for small and medium-sized enterprises (TFSME) to the Bank of England in the year ending 2025.

Notes to the Accounts

1. Accounting policies

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

a) General information and basis of preparation:

Saffron Building Society is a mutual, governed by the Building Societies Act 1986. The address of the registered office is given on the back cover of this report. The nature of the Group's operations and its principal activities are set out in the Directors' report on page 70.

The accounts have been prepared and approved by the Directors in accordance with Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Building Societies (Accounts and Related Provisions) Regulations 1998. In applying FRS102, the Society has elected to apply the recognition and measurement provisions of IAS39 Financial Instruments: Recognition and measurement (as adopted for use in the UK).

The accounts have been prepared under the historical cost convention as modified by the fair value revaluation of financial instruments and fair value of freehold property and investment property.

The Directors consider that it is appropriate to continue to adopt the going concern basis in preparing the financial statements having assessed the long term prospects and viability of the group, as set out in the Director's Report on page 69.

The preparation of these accounts in conformity with FRS102 requires management to make judgements and estimates and use assumptions in the application of these policies that affect the values of reported assets, liabilities, income and expenditure. Although these estimates are based on management judgements and best knowledge of the events, actions or amounts, taking into account historical evidence and any other relevant factors, actual results may differ from these estimates.

The functional currency of Saffron Building Society is considered to be pounds sterling because that is the currency of the primary economic environment in which the Society operates. The consolidated financial statements are also presented in pounds sterling.

The Society has taken advantage of the exemption in FRS102, which provides that where a company is a member of a group and a Consolidated Cash Flow Statement is published, the Society does not have to prepare a Cash Flow Statement.

Segmental Reporting

The Board, as the chief operating decision maker, is responsible for allocating resources and assessing the performance of the business.

The Group has determined that it operates as a single reportable segment, as the Board reviews performance and makes decisions based on the Group as a whole. No segmentation is required based on geographical lines, as substantially all the Group's activities are conducted in the United Kingdom. Consequently, no further segmental disclosures are provided.

b) Basis of consolidation:

The Group accounts consolidate the accounts of the Society and its subsidiary undertakings, eliminating intra-Group transactions and balances. In the Society accounts, investments in the subsidiary undertakings are stated at cost less impairment.

c) Fees and commissions:

Fees and commissions receivable or payable that are an integral element of the effective interest rate of the financial instrument are recognised as an adjustment to the effective interest rate and recorded within "Interest receivable and similar income" and "Interest payable and similar charges". Any other fees and

commissions receivable are recognised when the Group has fulfilled all contractual obligations. Fees and commissions payable not included within the effective interest rate are recognised on an accruals basis when the underlying service has been provided.

e) The Group classifies certain one off credits or charges that have a material impact on the Group's financial statements within 'Other operating income' or 'Other operating charges'.

d) Cash and cash equivalents:

For the purposes of the Cash Flow Statement, cash and cash equivalents comprises balances with an original maturity date of less than three months from acquisition in respect of cash, treasury and other bills and loans and advances to credit institutions. Cash equivalents in particular are highly liquid unrestricted investments that are readily convertible into known amounts of cash with an insignificant risk of changes in value.

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

e) Derivative financial instruments ("derivatives")

The Society uses derivatives solely for the purposes of risk management. Derivatives are measured and recorded in the Statement of Financial Position at fair value and classified as assets when the fair value is positive and as liabilities when the fair value is negative. Fair values are obtained by applying quoted market rates to discounted cash flows.

Hedge accounting

Certain derivatives held for risk management purposes are held as hedging instruments in qualifying hedging relationships. To designate as being in a hedging relationship, the Society formally documents the relationship between the hedging instrument and the hedged item, including the strategy and risk management objective for undertaking the hedge together with a description of the methodology that will be used to determine the effectiveness of the hedging relationship. An assessment is made at the inception of the hedge relationship and on an ongoing basis throughout the hedging relationship to ensure the hedge is, and remains, highly effective in offsetting changes in the fair value of the hedged items during the period for which the hedge is designated. A hedge is considered to be highly effective where the results of the hedge effectiveness testing are within a range of 80% to 125%. The Society uses the dollar offset method as its approach to hedge effectiveness assessment.

While different hedge accounting systems will designate hedged items to hedging items differently, after transitional adjustments allowing for the change in designation, these systems provide materially similar results at the point of transition. The systems also provide their own assessment of the fair value of the interest rate derivatives. Both systems provide materially similar valuations.

Fair value hedges

A fair value hedge is used to hedge exposures to variability in the fair value of financial assets and liabilities. For example, the group hedges fixed rate mortgages, fixed rate savings (shares) and fixed rate subordinated debt. Changes in fair value of the derivatives are immediately recognised in the Income Statement together with changes in the fair value of the hedged items attributable to the hedged risk.

Hedge accounting is discontinued prospectively if the derivative expires, is sold, terminated, exercised, or if the hedge no longer satisfies the criteria for hedge accounting or the hedge designation is revoked. Any cumulative adjustment to the hedged item is amortised to the Income Statement over its expected remaining life.

f) Financial assets:

The Group classifies non-derivative financial assets as loans and receivables, available for sale assets or at fair value through profit or loss (now referred to as Income Statement). No financial assets are classified as held-to-maturity.

i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinate payments that are not quoted in an active market. The Group's loans and advances to customers (except for a portfolio of equity release mortgages) are classified as loans and receivables, measured at amortised cost less impairment provisions. Initial costs may include certain upfront costs and fees such as procurement fees or arrangement fees, which are recognised over the expected life of the mortgage assets. Mortgage discounts are also recognised over the expected life of the mortgage assets as part of the effective interest rate. The expected life of the mortgage assets is reviewed at each Statement of Financial Position date with any changes recognised in interest receivable and similar income and reflected in the carrying value of the mortgage assets.

ii) Available for sale

Available for sale assets are non-derivative financial assets which the Group intends to hold for an indefinite amount of time but which may also be sold in response to needs for changes in liquidity or interest rates. The Group's debt securities are classified as available for sale assets, measured at fair value (see also Note 23). Subsequent changes in fair value are recognised through Other Comprehensive Income until sale or maturity of the assets, following which the cumulative gains or losses are removed from Other Comprehensive Income and recycled through Income Statement.

iii) Fair value through profit or loss

The Group's portfolio of Lifetime Mortgages are classified as fair value through profit or loss assets with the Directors electing to take the fair value through profit or loss assets option available under IAS39 on the basis that it prevents an accounting measurement mismatch. As part of the Society's Equity Release valuation a Black-Scholes option approach has been adopted to assess the size of the risk associated with the valuation on the properties falling due to market forces over time. This model will assess the size of the risk given certain assumptions on how the UK housing market is expected to perform over a long term horizon. The Model will calculate a figure per property which is then deducted directly from the fair value of each loan.

g) Impairment of financial assets not measured at fair value:

Throughout the year and at each Statement of Financial Position date individual assessments are made of all loans and advances against properties which are in possession or in arrears by more than three months of the outstanding loan balance. Individual impairment provision is made against these loans where, in the opinion of the Directors, it is considered there is evidence of impairment. Additionally, individual impairment provisions are made for loans that, while not in arrears, are specifically assessed where, in the opinion of the directors, there is evidence of impairment. Such evidence includes significant financial difficulty of the borrower, deterioration in payment status or any other information discovered that suggests a likely loss. If there is such evidence, the amount of loss is calculated as the difference between the asset's carrying amount and the present value of the estimated cash flows discounted at the effective interest rate. In estimating future cash flows, account is taken of expected movements in house prices, any discounts to reflect a forced sale and any anticipated sales costs. For all other loans and advances, collective assessment is also made as to whether there is evidence to suggest the portfolio is likely to be impaired. Collective assessment requires each category of financial asset to be separated into groups of assets with similar credit characteristics and impairment loss calculated by applying expected loss factors based on the Group's experience of default and the effect of movements in house prices less any adjustment for a forced sale value. Any resultant impairment loss is recognised immediately in the Income Statement with a corresponding reduction in the value of the financial asset recognised as a provision.

Given ongoing economic uncertainties, the Society continues to assess the potential impact on its impairment provision, considering factors such as changes in collateral values and the probability of default. While pressure on household finances may be easing, broader economic

conditions remain fragile and we remain vigilant in our assessment.

The Group uses forbearance measures to assist borrowers who have financial difficulties in meeting their obligations.

A range of forbearance options are available to support customers who are in financial difficulty, if it can be demonstrated that this difficulty can be successfully overcome. The Society considers that if one or more of the options identified below can be agreed, this would always be preferable to taking possession of the customer's home.

The main options offered are:

- Reduced monthly payment including interest only concession
- An arrangement to clear outstanding arrears
- Extension of mortgage term
- Capitalisation of arrears

Customers requesting a forbearance option will need to provide information to support the request. This is likely to include an assessment of their Income and Expenditure, and where appropriate bank statements to ensure that the forbearance option is fair and equitable to all parties and is demonstrably sustainable. If the forbearance request is granted, the account is monitored in accordance with our policy and procedures. Further information on forbearance is contained within note 28. Where the Group considers that a loss may arise in these cases, a charge for impairment will be made in accordance with the above policy.

h) Financial liabilities:

Non-derivative financial liabilities, which includes the Group's share balances, wholesale borrowings and subordinated liabilities, are measured at amortised cost with interest recognised using the effective interest method.

i) De-recognition of financial instruments:

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

j) Investment properties:

Investment properties include those portions of freehold land and buildings owned by the Society that are held to achieve rental income, capital appreciation or both. Investment properties are initially recognised at cost and subsequently carried at fair value, determined by independent professional valuers on an open-market value basis. Changes in fair values are recognised in the Income Statement. The cost of renovations or improvements is capitalised and the cost of maintenance, repairs and minor improvements is recognised in the Income Statement when incurred. No depreciation is charged on investment properties. On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement.

k) Intangible assets:

Purchased software and costs directly attributable to the development of software are capitalised and recognised as intangible assets where the software is expected to generate future economic benefits and where attributable costs can be reliably measured. Intangible assets are measured at cost less accumulated amortisation and any impairment charges. Amortisation commences when the software first becomes available for operational use and is charged to the Income Statement on a straight-line basis over the expected useful life of the software, currently between four and seven years. Amortisation periods are reviewed annually to ensure they remain appropriate. The carrying value of intangible assets is reviewed for impairment at each Statement of Financial Position date or whenever events or changes in circumstances indicate that the carrying value may not be recoverable with the carrying amount immediately reduced to its recoverable amount where required.

l) Property, plant and equipment:

Freehold properties comprise branches and office buildings, and are stated at revalued amounts, being the fair value, determined

by market based evidence, at the date of the valuation less any subsequent accumulated depreciation and subsequent impairment. Full valuations are completed every three years. The Directors review the valuations to confirm that they remain appropriate in the intervening years. Increases in valuations of freehold buildings are credited to the Revaluation reserve except where they reverse decreases for the same assets previously recognised in the Income Statement, in which case the increase in the valuation is recognised in the Income Statement. Decreases in valuations are recognised in the Income Statement except where they reverse amounts previously credited to the Revaluation reserve for the same asset, in which case the decrease in valuation is recognised in the Revaluation reserve.

Assets, other than freehold properties detailed above are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives as follows:

- Freehold premises – 50 years
- Short leasehold premises – over the remainder of the lease
- Computer equipment – three to seven years
- Motor vehicles – six years
- Other equipment, fixtures and fittings – 10 years

m) Employee benefits:

Defined contribution pension arrangements

Obligations for contributions to defined contribution pension arrangements are recognised as an expense in the Income Statement as incurred.

Defined benefit schemes

The Society operates a final salary pension scheme which is closed to new participants and is administered by trustees, the funds of which are separate from those of the Society. The defined benefit scheme is funded by contributions partly from the employees and partly from the Society at rates assessed by independent actuaries. The scheme assets are measured at market value at each Statement of Financial Position date and liabilities are measured using the projected unit valuation method, discounted using a corporate bond rate. Re-measurement comprising actuarial gains and losses and the return on scheme assets (excluding interest) are recognised in Other Comprehensive Income. The Society also operates a stakeholder pension scheme and the Society contributions for this scheme are charged to the Income Statement.

As the present value of the defined benefit obligation of the Society's defined benefits scheme is less than the fair value of plan assets at the reporting date, the plan has a surplus. The Society recognises a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

n) Operating leases:

Rentals under operating leases are charged to administrative expenses in the Income Statement on a straight line basis over the life of the lease.

o) Taxation:

Taxation comprises amounts for current and deferred tax and is recognised in either the Income Statement or Other Comprehensive Income to match with the related item(s) and is determined using the rates of taxation substantively enacted at the Statement of Financial Position date. Current tax represents the expected tax payable on profit adjusted for tax purposes. Deferred tax reflects timing differences between the amounts determined for accounting purposes and amounts determined for taxation purposes. Tax relating to the fair value re-measurement of available for sale assets, which is recognised through Other Comprehensive Income, to match with the subsequent recognition of the deferred gain or loss in the Income Statement.

p) Bank of England funding:

In order for the Society to access Indexed Long-Term Repo (ILTR) and TFSME funding from the Bank of England, it has to pledge mortgage assets as collateral. As the risk and reward of ownership of the mortgage assets remains with the Society, these assets are retained on its Statement of Financial Position. The interest receivable on these

assets continues to be the Society's and is accounted for as earned on an effective interest rate basis.

Critical accounting judgements and key sources of estimation uncertainty.

In applying the Group's accounting policies, the Group is required to make estimates and apply judgements that can have a material effect on the carrying amounts of assets and liabilities. Such estimates and judgements are continually evaluated and are based on historical experience and expectations of future events believed to be reasonable under current circumstances. The key sources of estimation uncertainty are described below:

a) Effective interest rate – expected mortgage life:

The calculation of an effective interest rate requires judgements regarding the expected life of the underlying mortgage assets. The expected life of mortgage assets is derived using a combination of historical data and management judgement and is reviewed periodically throughout the year and reassessed against actual performance. Any changes to the expected life would result in an adjustment to the carrying value of the mortgages, calculated as the present value of the revised cash flows discounted at the original effective interest rate, recognised immediately in the Income Statement. To demonstrate the volatility of the Effective Interest Rate accounting for the expected mortgage life, we have run two scenarios, one where the mortgages redeem one month sooner and one where the mortgages redeem one month later. The effect of mortgages redeeming one month sooner would have a further charge to the Income Statement of £18k (2024 - £242k). In the scenario where the mortgages redeem one month later this results in further income of £8k (2024 - £666k) to the Income Statement.

b) Impairment losses on loans and advances to customers:

i) Specific Provisions

Specific provisions are calculated by determining the expected cash flows from the loan, including those from the realisation of collateral. Significant judgement is required to determine the timing and amounts of cash flows as well as in determining whether indicators of impairment exist for a particular loan.

ii) Collective Provisions

Collective provisions are calculated using credit modelling techniques. This involves estimation of probabilities of default as well as recoverability and values of collateral leading to significant estimation uncertainty. The probability of default is determined using a combination of credit matrix, amount of arrears, and recoverability based on historical experience.

Collateral values are estimated by applying regional HPI indexes to the most recent formal valuation. Sensitivities to the recoverable value of collateral and default probability are as follows. A 5% downturn in house price would lead to an additional provision for impairment of £636k (2024 - £583k) while an improvement in house price of 5% would lead to a reduction in provision of £289k (2024 - £414k). If the probability of default on our loan book increased by 25%, our provision would increase by £135k (2024 - £211k), however if the probability of default decreased by 25%, our provision would fall by £416k (2024 - £211k).

c) Financial assets at fair value through profit and loss - Equity release mortgages:

Loans and advances to customers include a portfolio of equity release mortgages. All such loans were originated or purchased before 2011 and the Group no longer offers such mortgages. Under the product terms interest is capitalised within the loan balance and becomes repayable on redemption of the loan through sale of the property. Borrowers are not required to make monthly repayments. The mortgage contract for these loans contains a No Negative Equity Guarantee ("NNEG") clause where the Society cannot pursue a borrower in the event that the proceeds from the sale of the property is less than the contractual loan balance.

The NNEG exposes the Society to the risk that the Society may not fully recover expected redemption balances. Estimation uncertainty surrounds the measurement of the NNEG liability since redemptions may not occur for many years in the future.

The fair value of the portfolio of equity release mortgages, which is calculated using an internal variant of the Black Scholes option pricing model, takes into account an explicit provision in respect of the NNEG.

The principal assumptions underlying the valuation include mortality or entry into long-term care, discount rate, voluntary prepayments and house price growth to assess the impact of the No Negative Equity Guarantee. Further information on these assumptions, together with sensitivity analysis, is provided in Note 28 to the Accounts.

d) Retirement benefits:

Significant judgements on areas such as future interest rates, future inflation or mortality rates have to be exercised in estimating the value of the assets and liabilities of the Society's final salary pension scheme. The assumptions used are set out in Note 27 to the accounts. The value of the pension scheme liabilities is most sensitive to the discount rate used. 1% increase in the discount rate would reduce the defined benefit obligation by £1,203k (2024: £1,031k). A 1% decrease in the discount rate would increase the defined benefit pension obligation by £1,247k (2024: £1,258k).

e) Property valuation

Land and buildings and investment property are measured at fair value with a valuation exercise carried out periodically by an independent external valuer in accordance with the RICS Global Standards 2017 Edition (the Red Book). The Society considers the methodology and assumptions used by the independent external valuers to be supportive, 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.

For all the Society's 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, the Society may also consider a discounted cash flow technique which considers the present value of the net cash flows to be generated from the property, considering expected rental growth, void periods and rent-free periods. The expected net cash flows are discounted using risk-adjusted discount rates.

The carrying value of the investment property, and land & buildings, at 31st December 2025 is £5.9m (2024:

£5.6m). Further detail is provided in Notes 14 and 16.

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
2. Interest receivable and similar income				
On financial instruments not held at fair value through the income statement				
On loans fully secured on residential property	58,369	58,174	54,766	54,512
Loans to subsidiaries	-	707	-	922
Other liquid assets / cash and short term funds	5,273	5,273	5,550	5,550
Gains arising on the disposal of financial instruments	-	-	4	4
Interest received on available for sale instruments	8,581	8,581	9,082	9,082
	72,223	72,735	69,402	70,070
On financial instruments held at fair value through the income statement				
Loans fully secured on residential property	2,071	909	2,198	944
Derivatives	6,815	6,815	14,971	14,971
	81,109	80,459	86,571	85,985
3. Interest payable and similar charges				
On liabilities not held at fair value through the income statement				
Shares held by individuals	42,291	42,291	42,775	42,775
Subordinated liabilities	1,501	1,501	1,322	1,322
Deposits and other borrowings	8,588	8,588	12,069	12,069
	52,380	52,380	56,166	56,166
On financial instruments held at fair value through the income statement				
Derivatives	275	275	879	879
	52,655	52,655	57,045	57,045

4. Net fair value movements	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Derivatives in designated fair value hedge relationships	(12,166)	(12,166)	(2,229)	(2,229)
Adjustments to hedged items in fair value hedge accounting relationships	10,336	10,336	1,720	1,720
Derivatives not in designated fair value hedge relationships	(1,651)	(1,612)	3,544	2,120
Increase/(Decrease) in fair value of assets and liabilities	7	176	(4,071)	(2,317)
	(3,474)	(3,266)	(1,036)	(706)

The gains and losses from derivative financial instruments represents the net fair value movement on derivative instruments that are matching risk exposure on an economic basis. Some accounting volatility arises on these items due to accounting ineffectiveness on designated hedges. The movement is primarily due to timing differences in income recognition between derivative instruments and the hedged assets or liabilities. Amounts reported as changes in the fair value of assets and liabilities principally comprise movements in the fair value of the Group's portfolio of equity release mortgages. Derivatives are held to match the risk exposure of these assets but are not held in a qualifying hedge accounting relationship.

The fair value of the Group's lifetime mortgage portfolio and associated swaps decreased by £0.6m (2024: £0.6m increase).

5. Administrative expenses	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Colleague costs (Note 6)	13,336	13,336	12,134	12,134
Remuneration of auditors:				
- statutory audit services	378	378	378	378
- audit of the Company's subsidiaries pursuant to legislation	34	34	34	34
- audit related services	1	1	1	1
Operating lease rentals	134	134	158	158
Other administrative expenses	9,171	9,165	7,929	7,928
	23,054	23,048	20,634	20,633

Note: all audit fees are borne by the Society and are shown net of VAT

6. Colleague numbers and costs	2025		2024	
	Group	Society	Group	Society
Principal office	164	164	155	155
Branch offices	39	39	41	41
	203	203	196	196

Staff costs:	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Wages and salaries	11,269	11,269	10,351	10,351
Social security costs	1,266	1,266	1,016	1,016
Other pension costs (Note 27)	801	801	767	767
	13,336	13,336	12,134	12,134

7. Directors Remuneration

Directors' emoluments are set out within the Remuneration and People Committee Report on pages 64 to 66.

Total Directors' emoluments for the year amounted to £1,065k (2024: £1,127k). Details of Director loans and transactions are shown in Note 30.

8. Taxation on profit on ordinary activities

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
The tax charge comprises:				
Current tax on profit on ordinary activities				
UK corporation tax	-	-	1,281	1,239
Adjustments in respect of prior periods	(721)	(721)	(8)	(8)
Total current tax	(721)	(721)	1,273	1,231
Deferred tax				
Origination and reversal of timing differences	568	568	226	226
Adjustments in respect of prior periods	285	285	25	25
Total deferred tax	853	853	251	251
Total tax charge on profit on ordinary activities	132	132	1,524	1,482

The standard rate of Corporation Tax was 25% from 1 April 2023, giving an effective tax rate of 25% for the year ended 31 December 2025 (2024: 25%). The deferred tax liability is calculated using the tax rate enacted from 1 April 2023.

The differences between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Profit on ordinary activities before tax	327	138	5,601	5,420
Tax on profit on ordinary activities at standard UK corporation tax rate of 25% (2024: 25%)	82	35	1,400	1,355
Effects of:				
Fixed asset differences	38	38	53	53
Non-deductible expenses	7	7	6	6
Deferred tax charges directly to other comprehensive income	(296)	(296)	197	195
Group relief claimed	-	62	-	-
Losses carried back	442	442	-	-
Adjustments to tax charge in respect of previous years	(437)	(437)	(8)	(8)
Other	296	281	(124)	(121)
Total tax charge for the year recognised in the income statement	132	132	1,524	1,482

9. Liquid assets

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Treasury bills:				
Treasury bills	69,321	69,321	35,674	35,674
	69,321	69,321	35,674	35,674
Loans and advances to credit institutions:				
Repayable on call and short notice	2,515	2,515	1,418	1,418
Placements with credit institutions	26,856	26,856	15,215	15,215
	29,371	29,371	16,633	16,633

9. Liquid assets (continued)

2025 (£000)		2024 (£000)	
Group	Society	Group	Society

As at 31 December 2025 £26,799k (2024: £15,070k) of cash has been deposited by the Group and Society as collateral against derivative contracts.

Debt securities:

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Gilts	71,809	71,809	29,858	29,858
Certificates of deposit	20,266	20,266	30,624	30,624
Bonds	86,583	86,583	80,747	80,747
	178,658	178,658	141,229	141,229

2025 (£000)		2024 (£000)	
Group & Society		Group & Society	

Movements during the year of debt securities and treasury bills are analysed as follows:

	2025 (£000)		2024 (£000)	
	Group & Society		Group & Society	
At 1 January	176,903		105,119	
Additions	246,045		292,597	
Disposals	(176,158)		(220,285)	
Net (losses)/gains from changes in fair value recognised in Statement of comprehensive income	1,189		(528)	
At 31 December	247,979		176,903	

As part of the contract with the central swap counterparty the Society holds two types of collateral: variation margin and initial margin. The Society deposits or receives variation margin to cover the replacement of the derivatives in the event of default of a counterparty. Initial margin is deposited against the derivatives contracts in the event the fair value of the contracts reduces significantly due to changes market in expectations of future rates.

10. Derivative financial instruments

Group & Society (£000)		
Contract/notional amount	Fair values – Assets	Fair values – Liabilities

	Contract/notional amount	Fair values – Assets	Fair values – Liabilities
As at 31 December 2025			
a) Unmatched derivatives – Interest rate swaps	401,496	1,126	(5,991)
b) Derivatives designated as fair value hedges – Interest rate swaps	844,193	3,128	(5,149)
Total recognised derivative assets / (liabilities)	1,245,689	4,254	(11,140)
As at 31 December 2024			
a) Unmatched derivatives – Interest rate swaps	276,624	2,404	(5,514)
b) Derivatives designated as fair value hedges – Interest rate swaps	684,411	11,946	(1,378)
Total recognised derivative assets / (liabilities)	961,035	14,350	(6,892)

Unmatched derivatives include an interest rate swap with a net notional value of £25.2m (2024: £26.5m) or gross notional of £56.4m (2024: £57.3m) designed to protect the Society against the interest rate risk presented by its portfolio of equity release mortgages. These are amortising swaps and are designed to reflect the projected balances of the portfolio, incorporating underlying assumptions on property values and prepayments and actuarial assumptions on mortality.

Unmatched derivatives include interest rate swaps with a net notional of £0.8m as of the end of December 2025 (2024: £1.6m) or gross of £119.2m (2024: £69.6m), which the Society has elected to de-designate for their hedging relationship. Unmatched derivatives also includes gross notional of £128.2m, which are hedging fixed rate debt securities (2024: £0m) and £97.7m (2024: £49.9m) of gross notional hedging mortgage pipeline where hedge accounting cannot be achieved until these mortgages complete.

11. Loans and advances to customers

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Loans fully secured on residential property				
Held at amortised cost (1)	1,174,759	1,171,998	1,154,185	1,150,703
Held at fair value through the income statement	30,759	14,060	33,434	14,771
Other loans - loans fully secured on land	300	300	522	522
	1,205,818	1,186,358	1,188,141	1,165,996
Provision for impairment losses on loans and advances (Note 12)	(1,569)	(1,569)	(1,245)	(1,245)
	1,204,249	1,184,789	1,186,896	1,164,751
Fair value adjustment for hedged risk	3,217	3,217	(8,400)	(8,400)
	1,207,466	1,188,006	1,178,496	1,156,351

Note

(1) The Bank of England allows the Society to pledge mortgage assets with itself in order for the Society to obtain additional funding. The Society encumbers these mortgages and in the event that the Society went into default the Bank of England would receive the mortgages loans the Society has pledged to cover the exposure of the outstanding loans to the Society at that point in time.

12. Impairment losses on loans and advances

	(£000)		
	Individual	Collective	Total
Group & Society			
At 1 January 2025	401	844	1,245
Charge for the year (1)	382	11	393
Amounts utilised in the period	(69)	-	(69)
At 31 December 2025	714	855	1,569
At 1 January 2024	331	1,184	1,515
Charge/(Credit) for the year	137	(340)	(203)
Amounts utilised in the period	(67)	-	(67)
At 31 December 2024	401	844	1,245
Income Statement			
31 December 2025			
Charge for the year	382	11	393
Charge from unprovided shortfall (1)	171	-	171
Recoveries of amounts previously written off	-	-	-
	553	11	564
31 December 2024			
Charge/(Credit) for the year	137	(340)	(203)
Charge for provided shortfall	-	-	-
Recoveries of amounts previously written off	(67)	-	(67)
	70	(340)	(270)

Note

(1) The Group recognised unprovided shortfall costs totalling £171k (2024: £nil) on the redemption of mortgages following the conclusion of debt recovery proceedings. This is presented within the Group Impairment losses on loans and advances figure of £564k per the Income Statement. Of the £171k Group shortfall, £16k (2024: £nil) relates to the Society.

13. Investments in subsidiary undertakings

	2025 (£000)	2024 (£000)
	Society	Society
Shares in subsidiary undertakings	1	1
Loans to subsidiary undertakings	16,052	18,869
	16,053	18,870
Movement during the year of loans to subsidiary undertakings:		
Cost		
At 1 January	18,869	23,293
Repayments received	(3,688)	(5,489)
Write off	-	85
Loans advanced	871	980
At 31 December	16,052	18,869

The Society holds 100% of the ordinary share capital of Crocus Home Loans Limited, for the purpose of secured lending on residential property. The share capital authorised and issued is £1,000. The following 100% owned subsidiaries were not carrying on business at the end of the 31 December 2025 financial year:

	Share Capital	
	2025	2024
Saffron Independent Financial Advisers Limited	-	£85,000
Saffron Walden Investment Services Limited	-	£2
Saffron Walden Property Developments Limited	-	£2
Saffron Walden Property Sales Limited	-	£2
Saffron Mortgage Finders Limited	£2	£2

All subsidiary undertakings are registered in England and Wales and operate within the United Kingdom. The registered office of each subsidiary is Saffron House, 1a Market Street, Saffron Walden, Essex, United Kingdom, CB10 1HX.

All subsidiary undertakings other than Crocus Home Loans Limited and Saffron Mortgage Finders Limited were voluntarily dissolved on the 7 January 2025.

14. Investment properties

	2025 (£000)
	Group & Society
At 1 January 2025	2,290
Revaluation gain	130
At 31 December 2025	2,420

Investment properties are generally offices and retail premises ancillary to the Society's branches and head office and are not used by the Society. Investment properties are held at valuation and were professionally valued by Derrick Wade Waters, Chartered Surveyors, on an open market value basis based on a multiple of yield achievable as at 21 November 2025. The property rental income earned, all of which is leased out under operating leases, amounted to £70k (2024: £65k) and has been recognised within other operating income.

	Group £000s	Group £000s
	2025	2024
The total future minimum lease payments due to the Society under non-cancellable operating leases are as follows:		
Not later than one year	72	40
Later than one year and not later than five years	176	120
Later than five years	64	89
	312	249

15. Intangible assets

(£000)

Group &
Society

Cost

At 1 January 2025	18,075
Additions	367
Disposals	(15,055)
At 31 December 2025	3,387

Amortisation

At 1 January 2025	16,729
Charged in year	408
Disposals	(15,055)
At 31 December 2025	2,082

Net book value

At 31 December 2025	1,305
At 31 December 2024	1,346

Intangible assets at 31 December 2025 include £37k (2024: £395k) of assets under construction. Amortisation is charged against these assets when they become ready for use by the business over estimate useful lives of between three and seven years.

16. Property, plant and equipment

	Group & Society (£000)			Total
	Land and buildings freehold	Land and buildings short leasehold	Equipment, fixtures, fittings and vehicles	
Cost or valuation				
At 1 January 2025	5,477	390	4,692	10,559
Additions	272	-	926	1,198
Disposals	(42)	-	(1,830)	(1,872)
At 31 December 2025	5,707	390	3,788	9,885
Depreciation				
At 1 January 2025	2,130	374	3,459	5,963
Charged in year	99	16	360	475
Disposals	(43)	-	(1,830)	(1,873)
At 31 December 2025	2,186	390	1,989	4,565
Net book value				
At 31 December 2025	3,521	-	1,799	5,320
At 31 December 2024	3,347	16	1,233	4,596

Freehold Land and Buildings are held at valuation and were professionally valued by Derrick Wade Waters, Chartered Surveyors, on a fair value basis as at 31 December 2023 based upon the open market value of the properties at that time. This valuation was £3,116,481 compared to a net book value of £3,170,000. Had these assets been carried at historic cost, the net book value at 31 December 2025 would be £2,934,322 (2024: £3,210,000).

Land and buildings freehold includes non-depreciable land held by the Society for its own activities with a net book value of £615,000 (2024: £615,000).

17. Other assets

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Other assets	19	19	12	12
Corporate tax (asset)	641	620	500	535
Deferred tax asset	-	-	428	428
Prepayments and accrued income	3,182	3,182	1,973	1,973
	3,842	3,821	2,913	2,948

18. Shares

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Held by individuals	1,221,438	1,221,438	1,121,087	1,121,087
Fair value adjustment for hedged risk	255	255	12	12
	1,221,693	1,221,693	1,121,099	1,121,099

19. Amounts owed to credit institutions

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Amounts owed to credit institutions	75,543	75,543	124,888	124,888
	75,543	75,543	124,888	124,888

Captured within the amounts owed to credit institutions is the Term Funding Scheme with additional incentives for SME's funding from the Bank of England of £nil (2024: £100m) and Indexed Long Term Repo (ILTR) of £35m (2024:£nil). The Society repaid £100m (2024: £30m) of its TFSME to the Bank of England in the year ending 2025.

20. Other liabilities

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Corporation tax	-	-	-	-
Social Security	317	317	292	292
Other creditors	1,675	1,675	662	662
Other accruals	2,495	2,475	2,420	2,399
	4,487	4,467	3,374	3,353

21. Subordinated liabilities

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Fixed Rate 12.5% Subordinated Debt 2034	12,533	12,533	12,341	12,341

In 2024, the Society issued a new £12 million subordinated debt instrument, denominated in Sterling and repayable at maturity. The repayment rights of the holders remain subordinated to the claims of all depositors, creditors and members regarding the principal of their shares and any interest due. A fair value adjustment of £221k (2024: 30k) is included within subordinated debt.

22. Net deferred tax (liability)/asset	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Deferred tax (liability)/asset				
Balance 1 January	428	428	645	645
Tax value of losses carried forward	(854)	(854)	(217)	(217)
Charge recognised through Other comprehensive income	(281)	(281)	-	-
Balance 31 December	(707)	(707)	428	428
The net deferred tax (liability)/asset is attributable to the following items:				
Fixed asset timing differences	(253)	(253)	(27)	(27)
Other timing differences	(420)	(420)	489	489
Capital gains	(34)	(34)	(34)	(34)
(Liability)/asset at 31 December	(707)	(707)	428	428

All deferred tax balances have been provided at a rate of 25% (2024: 25%) which is the rate applicable when the deferred tax is expected to crystallise.

23. Available for sale reserve	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Reserve at start of the year	(427)	(427)	(35)	(35)
Realised gains*	-	-	4	4
Net changes in fair value*	1,189	1,189	(527)	(527)
Tax relating to components of other comprehensive income	(297)	(297)	131	131
Reserve at end of the year	465	465	(427)	(427)

*The aggregate of these balances represents the Valuation gains/(losses) taken to reserves figure presented in the Statement of Comprehensive income

24. Revaluation reserve	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Revaluation reserve at start of the year	936	936	936	936
Unrealised gain on revaluation of property, plant and equipment	-	-	-	-
Revaluation reserve at end of the year	936	936	936	936

25. Financial commitments	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Total future minimum lease payments under non-cancellable operating leases are as follows:				
Not later than one year	106	106	68	68
Later than one year and not later than five years	209	209	200	200
Later than five years	-	-	-	-
	315	315	268	268

26. Provisions for liabilities

Group & Society (£000)

Dilapidations

2025	
At 1 January 2025	144
Charge for the year	-
Provision utilised	-
At 31 December 2025	144
2024	
At 1 January 2024	144
Charge for the year	-
Provision utilised	-
At 31 December 2024	144

Provision for dilapidations represents expected costs on the Society's leasehold properties, based on third party estimates, of the restoration costs for each of the properties. The amount can be further analysed between:

	2025 (£000)	2024 (£000)
Branch offices	144	144

These costs will be incurred when the Society vacates the premises.

27. Group pensions

Defined contribution scheme

The amounts charged to the Income Statement in respect of contributions to the Group's defined contribution stakeholder pension scheme represents the contribution payable in the year. The amounts paid into the scheme amounted to £801k (2024: £767,000).

Defined benefit scheme

The Society operates a defined benefit pension scheme (the Scheme) covering its longer serving employees. The Scheme closed to Colleagues who joined the Society after 4 August 2003 and closed to future accrual from 1 January 2008. Members who remain employed by the Society retain a link to pensionable salary. The assets of the Scheme are held in a managed fund independent of the Society's finances.

The funding of the Scheme is based upon regular triennial actuarial valuations, the most recent being as at 30 April 2023. At the date of the latest actuarial valuation, the market value of the assets was £10,441,000 (2020: £14,132,000) which was sufficient to cover 100% (2020: 108%) of the value of the benefits that had accrued to members at that date plus a reserve for future expenses of £nil (2020: £992,000).

As at 31 December 2025 the Scheme is shown in the Statement of Financial Position as a pension asset of £1,452,000 (2024: liability of £48k) before allowance for deferred tax.

At the reporting date, the defined benefit pension scheme was in a surplus position based on the actuarial valuation prepared by an independent actuary. In accordance with FRS 102 Section 28, the surplus recognised has been limited to the amount that is recoverable by the Society, either through refunds from the scheme or reductions in future contributions. In determining the amount of surplus recognised, management has considered the requirements of FRS 102 Section 28, which requires that a surplus is recognised only if the Society has an unconditional right to a refund or can realise the economic benefit through a reduction in future contributions. Based on the scheme rules and trustee powers, management has concluded that the Society has the ability to realise economic benefits from the surplus. Accordingly, the surplus recognised in the balance sheet does not exceed the recoverable amount. The Society has an unconditional right to a refund or surplus on wind-up, members cannot access surplus without employer consent and trustees cannot override this right.

Future funding obligation

The triannual valuation of the Scheme revealed a funding surplus of £26k. The Society made a payment of £1,500,000 to the Scheme in the year ending 31 December 2025, supporting strategic Scheme investments. Future reduced contributions are expected as a result of the payment made.

27. Group pensions (continued)

Date of fund valuation	
31 December 2025	31 December 2024

Main assumptions

	31 December 2025	31 December 2024
Rate of increase in salaries	2.5%	2.8%
Rate of increase in pensions in payment	2.8%	3.1%
Rate of increase in pensions in payment after 05.04.05	2.1%	2.2%
Discount rate	5.5%	5.5%
RPI inflation assumptions	2.9%	3.2%
CPI inflation assumptions	2.5%	2.8%

These assumptions used by the actuary are the best estimates, chosen from a range of possible assumptions which may not be borne out in practice.

	(£000)		
	Assets	Defined benefit obligation	Total
Reconciliation of Scheme's assets and defined benefit obligation for the year ending 2025:			
At 1 January 2025	10,064	(10,112)	(48)
Employer contributions	1,500	-	1,500
Benefits paid	(417)	417	-
Net interest income/(expense)	610	(546)	64
Re-measurement gains			
- Impact of experience	-	131	131
- Impact of amended financial assumptions	-	107	107
- Impact of amended mortality assumptions	-	(30)	(30)
Return on assets excluding interest income	(266)	-	(266)
At 31 December 2025	11,491	(10,033)	1,458

The Scheme liabilities were valued in accordance with the guidelines set out in Section 28 of FRS102 using a discount rate of 5.5% per annum, which is derived from the yields available on high quality sterling corporate bonds at durations appropriate to the duration of liabilities.

From the 4 March 2024, administrative expenses incurred in the running of the defined benefit scheme were charged to the Group. The defined benefit scheme administrative expenses charged to the Group in the year ended 31 December 2025 amounted to £70k (2024: £78k).

	(£000)		
	Assets	Defined benefit obligation	Total
Reconciliation of Scheme's assets and defined benefit obligation for the year ending 2024:			
At 1 January 2024	10,967	(11,608)	(641)
Benefits paid	(623)	623	-
Administration expenses	(30)	-	(30)
Net interest income/(expense)	479	(508)	(29)
Re-measurement gains			
- Actuarial gain	-	1,381	1,381
- Return on assets excluding interest income	(729)	-	(729)
At 31 December 2024	10,064	(10,112)	(48)

27. Group pensions (continued)

Fair value of the assets of the Scheme	2025 (£000)	2024 (£000)
Corporate Bonds	4,345	-
Index linked gilts	1,789	-
Equities and other growth assets	595	1,266
Diversified credit fund	2,881	6,832
Liability Driven Investments	1,485	1,495
Cash	106	57
Annuities	290	414
	11,491	10,064

None of the equities are directly owned by the Society, and all of the assets are invested in pooled investment vehicles.

Demographic assumptions	31 December 2025	31 December 2024
Mortality (Pre-retirement)	Nil deaths	Nil deaths
Mortality (Post-retirement)	S3PA CMI 2024	S3PA CMI 2023

Life expectancies (in years)	31 December 2025		31 December 2024	
	Males	Females	Males	Females
For an individual aged 65 in 2025	21.7	24.1	21.4	23.9
At age 65 for an individual aged 45 in 2025	23.0	25.5	22.6	25.3

Analysis of other pension costs charged in arriving at operating profit: Analysis of amounts included in other operating charges	2025 (£000)	2024 (£000)
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Administration expenses	-	(30)
	-	(30)

Analysis of amounts included in pension finance income		
Net interest income/(expense)	64	(29)
	64	(29)

Analysis of amount recognised in the Statement of comprehensive income		
Actual loss on assets less interest	(266)	(729)
Actuarial gains on defined benefit obligation	208	1,381
Total actuarial gain/(loss) recognised in the Statement of comprehensive income	(58)	652

Contingent liability

The Society identified a UK High Court ruling issued in June 2023 in the case of Virgin Media Limited v NTL Pension II Limited, which determined that certain historic rule amendments to contracted-out defined benefit pension schemes were invalid if they were not supported by the required actuarial certificates. The ruling was subsequently appealed, and in July 2024, the Court of Appeal upheld the original High Court decision, confirming that pension scheme amendments made without the necessary certification are invalid. The Society, together with the Pension scheme trustees and their advisers, await developments following an announcement from the Government made on 5 June 2025 that the Government intends to introduce legislation to give affected pension schemes the ability to retrospectively obtain the required actuarial confirmations if they are missing. As this assessment is ongoing, it is not possible at this stage to reliably estimate the financial impact, if any, of the ruling. Accordingly, no adjustments have been made to the defined benefit obligation recognised in these financial statements. The Society will continue to assess this contingent liability.

28. Financial instruments

A financial instrument is a contract which gives rise to a financial asset of one entity and a financial liability of another entity. The Group is a retailer of financial instruments in the form of mortgage and savings products and uses wholesale financial instruments to invest liquid asset balances, raise wholesale funding and manage risks arising from its operations.

The Group has a formal structure for managing risk, including establishing risk appetite, risk limits, reporting lines, mandates, policies and other control procedures. This structure is reviewed regularly by the Assets and Liabilities Committee (ALCO), which is charged with the responsibility for managing and controlling the Statement of Financial Position and the use of financial instruments for risk management purposes. Further oversight of risk management is provided by the Board Risk Committee (BRC).

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

Derivatives are only used by the Society in accordance with the Building Societies Act 1986 (as amended by the Building Societies Act 1997) to reduce the risk of loss arising from changes in interest rates or other factors specified in the legislation.

Derivatives are not used in trading activity or for speculative purposes.

The Group uses derivatives to manage its interest rate risks and for accounting purposes a number of these derivatives are in a fair value hedging relationship.

The fair value of derivative financial instruments held at 31 December 2025 is shown in Note 10.

The table below provides a summary of the terms and conditions of the Group's financial instruments and description of respective accounting policies.

The only loans and advances to customers the Society measures at fair value are those classified as Equity Release. The fair value of these loans and advances to customers is estimated by discounting expected cash flows at rates that reflect current rates for similar lending. For these Equity Release fixed rate loans, discount rates have been based on the expected funding and capital cost applicable to the book. When calculating fair values on fixed rate loans, no adjustment has been made to reflect interest rate risk management through internal natural hedges. These are estimated based on the expected future cash flows and future lifetime expected losses, assuming historic trends and discount rates appropriate to the loans, to reflect a hypothetical exit price value basis.

All other loans and advances to customers are measured using the amortised cost basis by applying the effective interest rate methodology. Where these other loans and advances to customers are on a fixed rate, these loans may receive a hedge accounting adjustment to reflect that these loans have been hedged for interest rate risk purposes. This hedge accounting adjustment will be created provided that those loans are matched under hedge accounting and meet the relevant requirements of hedge accounting. The hedge accounting adjustment is based on the discounting expected cashflows of those loans.

Variable rate loans which have an interest rate based either on the Society's SVR or the Bank of England Base rate receive no fair value adjustment as they require no hedging for interest rate risk purposes.

28. Financial instruments (continued)

Financial instrument	Terms and conditions	Accounting policy
Loans and advances to credit institutions	Fixed or SONIA linked interest rate Fixed term Short to medium term maturity	Loans and receivables at amortised cost Accounted for at settlement date
Debt securities	Fixed or SONIA linked interest rate Fixed term Short to medium term maturity	Available-for-sale at fair value through Other Comprehensive Income Accounted for at settlement date
Loans and advances to customers	Secured on residential property or land Standard contractual term of 25 years Fixed or variable rate interest	Loans and receivables at amortised cost* Accounted for at settlement date
Shares	Fixed or variable term Fixed or variable interest rates	Amortised cost Accounted for at settlement date
Amounts owed to credit institutions	Fixed or SONIA linked interest rate; Fixed term Short to medium term maturity	Amortised cost Accounted for at settlement date
Amounts owed to other customers	Fixed or variable interest rate Fixed or variable term Short to medium term maturity	Amortised cost Accounted for at settlement date
Subordinated liabilities	Fixed interest rate Fixed term	Amortised cost Accounted for at settlement date
Derivative financial instruments	Fixed interest received/paid converted to variable interest paid/received Based on notional value of the derivative	Fair value through profit or loss Accounted for at trade date
Defined benefit pension assets	No interest paid or received	Fair value through other comprehensive income
Defined contribution pension liabilities	No interest paid or received	Amortised cost

* Excluding portfolio of equity release mortgages accounted for at fair value through profit or loss.

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. Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The following tables analyse the Group's assets and liabilities by financial classification:

28. Financial instruments (continued)

Carrying values by category as at 31 December 2025	Group (£000)							Total	
	Held at amortised cost	Financial instruments at amortised cost	Available for sale	Held at fair value	Financial assets and liabilities	Derivatives designated as fair value hedges	Unmatched derivatives		Non-interest bearing assets and liabilities
Assets									
Cash in hand and balances with the Bank of England	41,395	-	-	-	-	-	-	-	41,395
Treasury bills	-	-	69,321	-	-	-	-	-	69,321
Loans and advances to credit institutions	29,371	-	-	-	-	-	-	-	29,371
Debt securities	-	-	178,658	-	-	-	-	-	178,658
Derivative financial instruments	-	-	-	-	3,128	1,126	-	-	4,254
Loans and advances to customers	1,176,707	-	-	30,759	-	-	-	-	1,207,466
Other assets	641	-	-	-	-	-	-	13,704	14,345
	1,248,114	-	247,979	30,759	3,128	1,126	13,704	1,544,810	
Liabilities									
Shares	-	1,221,693	-	-	-	-	-	-	1,221,693
Amounts owed to credit institutions	-	75,543	-	-	-	-	-	-	75,543
Amounts owed to other customers	-	135,124	-	-	-	-	-	-	135,124
Derivative financial instruments	-	-	-	-	5,148	5,992	-	-	11,140
Provisions for liabilities	-	-	-	-	-	-	144	-	144
Other liabilities	3,209	-	-	-	-	-	-	1,985	5,194
Subordinated liabilities	-	12,533	-	-	-	-	-	-	12,533
	3,209	1,444,893	-	-	5,148	5,992	2,129	1,461,371	
Assets Carrying values by category as at 31 December 2024									
Cash in hand and balances with the Bank of England	82,862	-	-	-	-	-	-	-	82,862
Treasury bills	-	-	35,674	-	-	-	-	-	35,674
Loans and advances to credit institutions	16,633	-	-	-	-	-	-	-	16,633
Debt securities	-	-	141,229	-	-	-	-	-	141,229
Derivative financial instruments	-	-	-	-	11,946	2,404	-	-	14,350
Loans and advances to customers	1,145,062	-	-	33,434	-	-	-	-	1,178,496
Other assets	963	-	-	-	-	-	-	10,181	11,144
	1,245,520	-	176,903	33,434	11,946	2,404	10,181	1,480,388	
Liabilities									
Shares	-	1,121,099	-	-	-	-	-	-	1,121,099
Amounts owed to credit institutions	-	124,888	-	-	-	-	-	-	124,888
Amounts owed to other customers	-	129,208	-	-	-	-	-	-	129,208
Derivative financial instruments	-	-	-	-	1,378	5,514	-	-	6,892
Provisions for liabilities	-	-	-	-	-	-	144	-	144
Other liabilities	-	1,585	-	-	-	-	-	1,837	3,422
Subordinated liabilities	-	12,341	-	-	-	-	-	-	12,341
	-	1,389,121	-	-	1,378	5,514	1,981	1,397,994	

28. Financial instruments (continued)

Carrying values by category as at 31 December 2025	Society (£000)								Total
	Held at amortised cost			Held at fair value					
	Loans and receivables	Financial instruments at amortised cost	Available for sale	Financial assets and liabilities	Derivatives designated as fair value hedges	Unmatched derivatives	Non-interest bearing assets and liabilities		
Assets									
Cash in hand and balances with the Bank of England	41,395	-	-	-	-	-	-	41,395	
Treasury bills	-	-	69,321	-	-	-	-	69,321	
Loans and advances to credit institutions	29,371	-	-	-	-	-	-	29,371	
Debt securities	-	-	178,658	-	-	-	-	178,658	
Derivative financial instruments	-	-	-	-	3,128	1,126	-	4,254	
Loans and advances to customers	1,173,946	-	-	14,060	-	-	-	1,188,006	
Investments in subsidiary undertakings	16,053	-	-	-	-	-	-	16,053	
Other assets	620	-	-	-	-	-	13,704	14,324	
	1,261,385	-	247,979	14,060	3,128	1,126	13,704	1,541,382	
Liabilities									
Shares	-	1,221,693	-	-	-	-	-	1,221,693	
Amounts owed to credit institutions	-	75,543	-	-	-	-	-	75,543	
Amounts owed to other customers	-	135,124	-	-	-	-	-	135,124	
Derivative financial instruments	-	-	-	-	5,148	5,992	-	11,140	
Provisions for liabilities	-	-	-	-	-	-	144	144	
Other liabilities	3,209	-	-	-	-	-	1,965	5,174	
Subordinated liabilities	-	12,533	-	-	-	-	-	12,533	
	3,209	1,444,893	-	-	5,148	5,992	2,109	1,461,351	
Assets Carrying values by category as at 31 December 2024									
Cash in hand and balances with the Bank of England	82,862	-	-	-	-	-	-	82,862	
Treasury bills	-	-	35,674	-	-	-	-	35,674	
Loans and advances to credit institutions	16,633	-	-	-	-	-	-	16,633	
Debt securities	-	-	141,229	-	-	-	-	141,229	
Derivative financial instruments	-	-	-	-	11,946	2,404	-	14,350	
Loans and advances to customers	1,141,579	-	-	14,772	-	-	-	1,156,351	
Investments in subsidiary undertakings	18,870	-	-	-	-	-	-	18,870	
Other assets	962	-	-	-	-	-	10,217	11,179	
	1,260,906	-	176,903	14,772	11,946	2,404	10,217	1,477,148	
Liabilities									
Shares	-	1,121,099	-	-	-	-	-	1,121,099	
Amounts owed to credit institutions	-	124,888	-	-	-	-	-	124,888	
Amounts owed to other customers	-	129,208	-	-	-	-	-	129,208	
Derivative financial instruments	-	-	-	-	1,378	5,514	-	6,892	
Provisions for liabilities	-	-	-	-	-	-	144	144	
Other liabilities	-	1,549	-	-	-	-	1,852	3,401	
Subordinated liabilities	-	12,341	-	-	-	-	-	12,341	
	-	1,389,085	-	-	1,378	5,514	1,996	1,397,973	

28. Financial instruments (continued)

Fair value hierarchy classification

Valuation techniques

The following is a description of the determination of fair value for financial instruments which are accounted for at fair value using valuation techniques. The fair value hierarchy set out in FRS102 splits the source of input when deriving fair values into three levels, as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly

Level 3 – inputs for the asset or liability that are not based on observable market data

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

Debt securities

Level 1 – Market prices have been used to determine the fair value of listed debt securities.

Loans fully secured on residential property

Level 3 – included within Loans and advances to customers is the Group's portfolio of equity release mortgages which are accounted for at fair value and is calculated using an internal variant of the Black Scholes option pricing model. The key assumptions used as part of the valuation calculation include:

Mortality or Entry into Long Term Care

This is based on the expected death or entry into long term care of the customer or longest surviving customer for a joint borrowing. Mortality assumptions have been adjusted with reference to the CMI 2024 mortality improvement projection model from the S3XPA base tables.

Early Repayments

There is limited market information around these assumptions and therefore they have been derived from the Group's own experience of the product.

Discount Rate

The discount rate applied to the mortgage cash flows is determined using a long term interest rate, calculated by a market information system for a theoretical derivative with a notional profile similar to that of the expected profile of the mortgage over its life, together with an adjustment to reflect the cost of funding, illiquidity and other risks. Any variables not explicitly modelled are also captured within these other risks. The discount rate used at 31 December 2025 was 6.06% (2024: 5.76%). The Group has determined, based on observable market rates that the discount rate has a range between 5.19% and 8.32% given the characteristics of the lifetime mortgage portfolio.

No-Negative Equity Guarantee (NNEG)

The key assumptions used to derive the value of the no-negative equity guarantee include house price inflation and volatility. The Group uses a variant of the Black-Scholes options pricing model. House price inflation is derived by reference to historical HPI data with an under-performance assumption. The property growth and volatility assumed at 31 December 2025 were 3.84% and 8.00% respectively. The value of the no-negative equity guarantee as at 31 December 2025 was £1.9m (2024: £1.4m).

Interest rate swaps

Level 2 – Except for the swaps hedging the Group's portfolio of equity release mortgages (level 3), the valuation of interest rate swaps is based on the 'present value' method. Expected interest cash flows are discounted using the prevailing SONIA yield curves. The SONIA yield curves are generally observable market data which is derived from quoted interest rates in similar time bandings which match the timings of the interest cash flows and maturities of the instruments. All swaps are collateralised and therefore no adjustment is required for credit risk in the fair value of derivatives.

Level 3 – A counterparty valuation is used for the swap hedging the Group's portfolio of equity release mortgages, derived from their internal modelling techniques. The Society corroborates the counterparty valuations provided through its own internal calculations.

28. Financial instruments (continued)

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

	(£000)			
As at 31 December 2025	Level 1	Level 2	Level 3	Total
Financial assets				
Treasury bills	69,321	-	-	69,321
Debt securities	151,802	26,856	-	178,658
Loans fully secured on residential property	-	-	30,759	30,759
Derivative financial instruments	-	4,254	-	4,254
	221,123	31,110	30,759	282,992
Financial liabilities				
Derivative financial instruments	-	11,140	-	11,140
	-	11,140	-	11,140

	(£000)			
As at 31 December 2024	Level 1	Level 2	Level 3	Total
Financial assets				
Treasury bills	35,674	-	-	35,674
Debt securities	111,369	29,860	-	141,229
Loans fully secured on residential property	-	-	33,434	33,434
Derivative financial instruments	-	14,350	-	14,350
	147,043	44,210	33,434	224,687
Financial liabilities				
Derivative financial instruments	-	1,378	5,514	6,892
	-	1,378	5,514	6,892

Amounts stated are for Group and Society except for loans fully secured on residential property which includes £ 16,698,737 (2024: £18,862,144) held within the Society's subsidiary Crocus Home Loans.

28. Financial instruments (continued)

Reconciliation of opening and closing balances of Level 3 assets:	2025 (£000)	2024 (£000)
	At 1 January	33,434
Amounts taken to Income Statement		
- Interest rolled up	2,063	2,190
- Fair value losses	(797)	(3,187)
Redemptions	(3,941)	(4,561)
At 31 December	30,579	33,434

Changes to the assumptions used to determine fair value of level 3 assets could give rise to significant valuation changes. The table below shows the range of values used for those significant inputs together with an estimate of the impact on profit before tax arising from changing the assumptions from those used at 31 December 2025.

Sensitivity Analysis

Changes to the assumptions used to determine fair value of lifetime mortgage assets could give rise to valuation changes.

The table below demonstrates the sensitivity to changes in assumptions as at 31 December 2025 with an estimate of the impact on profit before tax.

Input	Shift	Profit Impact 2025 (£m)		Profit Impact 2024 (£m)	
Adjustment to mortality assumptions	+/-10%	0.1	(0.1)	0.0	0.0
House Price Inflation	+/-0.5%	0.3	(0.4)	0.2	(0.3)
House price volatility	+/-1%	(0.2)	0.2	(0.2)	0.2
Voluntary Prepayment	+/-0.5%	-	-	-	-
Discount Rate	+/- 1%	(0.3)	0.3	(0.3)	0.3
Parallel Shift on Yield Curve	+/-100 bps	(0.3)	0.4	0.1	(0.2)

The analysis has been prepared for a change in each variable with other assumptions remaining constant. In reality, such an occurrence is unlikely due to correlation between the assumptions and other factors. It should also be noted that these sensitivities are non-linear and larger or smaller impacts cannot be precisely interpolated or extrapolated from these results. The sensitivity factors take into consideration that the Group's assets and liabilities are actively managed and may vary at the time that any actual market movement occurs. In addition, the Society has an interest rate swap that protects the Society against the interest rate risk presented by the portfolio which will mitigate some of the changes in the yield curve shown final sensitivity disclosed above. Without the interest rate swap this figure would be (£2.4m).

Credit Risk

Credit risk refers to the potential risk that arises from customers (or counterparties) failing to meet their obligations as they fall due. Credit risk arises primarily from loans to our retail customers, loans to our commercial mortgage customers and from liquid assets. The Credit Committee is responsible for reviewing the Group's lending policy and monitoring the exposures in accordance with this policy, including exposures to individual counterparties and sector concentration. The Credit Committee recommends lending policy for approval by the Board Credit Committee. The Asset and Liabilities Committee (ALCO) is responsible for recommending limits on treasury counterparties, country exposures and types of financial instruments for approval by the Board Credit Committee. The Group's maximum credit risk exposure is shown below:

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Cash in hand	41,395	41,395	82,862	82,862
Treasury bills	69,321	69,321	35,674	35,674
Loans and advances to credit institutions	29,371	29,371	16,633	16,633
Debt securities	178,658	178,658	141,229	141,229
Derivative financial instruments	4,254	4,254	14,350	14,350
Loans and advances to customers	1,207,466	1,188,006	1,178,496	1,156,351
Total Third Party Balance Sheet Exposure	1,530,465	1,511,005	1,469,244	1,447,099
Loans to subsidiary undertakings	-	16,052	-	18,869
Total Balance Sheet Exposure	1,530,465	1,527,057	1,469,244	1,465,968
Lending commitments (off balance sheet)	131,500	131,500	111,990	111,990
Maximum credit exposure	1,661,965	1,658,557	1,581,234	1,577,958

28. Financial instruments (continued)

Loans and advances to credit institutions and Debt securities

The ALCO is responsible for recommending limits that the Board approves by sector, country, instrument type and individual counterparty. Compliance against these limits is monitored daily by the Society's Treasury team and reviewed monthly by ALCO. Changes to counterparties or individual limits are made by ALCO according to strict criteria and ratified by the Board. Any changes in the credit risk ratings of counterparties are reported at ALCO and action taken where appropriate.

The Group's treasury asset concentration is shown in the table below:

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Credit Institutions	54,485	54,485	47,257	47,257
Multinational development banks	81,736	81,736	80,747	80,747
Central Bank and Government	181,823	181,823	147,844	147,844
Other (including cash in hand)	701	701	550	550
Total	318,745	318,745	276,398	276,398

An analysis of the Group treasury asset concentration is shown in the table below:

	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Concentration by credit grading				
AAA	81,736	81,736	80,747	80,747
AA	181,879	181,879	147,982	147,982
A	27,629	27,629	32,041	32,041
Unrated	27,501	27,501	15,628	15,628
Total	318,745	318,745	276,398	276,398

In 2025 the Society has placed some of its liquid assets into certificates of deposits with UK national banks which has increased the exposure to the AA graded counterparties, of which there was £25.1m held as of 31 December 2025 (2024: £30m).

Loans and advances to customers The table below shows information on the Group's loans and advances to customers by geographical concentration:

	2025 %	2024 %	2025 %	2024 %
	Group	Group	Society	Society
Greater London	27	28	27	28
South East	30	31	30	31
South West	8	8	8	8
East Anglia	4	4	4	4
West Midlands	7	7	7	7
East Midlands	6	5	6	5
North West	8	7	8	7
Yorkshire & Humberside	5	5	5	5
Wales	3	3	3	3
North	2	2	2	2

28. Financial instruments (continued)

The Group's retail mortgages are secured on property. The value of these properties is updated using the ONS regional property price indices which comprise relative house price movements across the UK. These indexed valuations provide senior management with a view of the value and risk of the properties on which retail mortgages are secured.

The following table analyses the loan to value (LTV) of the mortgage portfolio

	2025 %	2024 %	2025 %	2024 %
	Group	Group	Society	Society
0% - 50%	27	31	28	33
50.01% - 75%	42	45	42	44
75.01% - 80%	10	6	10	7
80.01% - 85%	7	6	7	5
85.01% - 90%	9	8	9	6
90.01% - 95%	4	3	4	4
>95%	1	1	-	1

Not impaired	2025	2024	2025	2024
	(£000)	(£000)	(£000)	(£000)
	Group	Group	Society	Society
Neither past due nor impaired	1,180,507	1,158,417	1,161,725	1,137,343
Up to three months overdue but not impaired	19,324	12,813	18,793	12,287
Over three months but not impaired	3,529	4,158	3,372	3,630
Possessions / receiver of rents	890	1,068	890	868
	1,204,250	1,176,456	1,184,790	1,154,128

Impaired				
Up to three months overdue	159	-	159	-
Between three and six months overdue	1,044	206	1,044	206
Between six and twelve months overdue	462	926	462	926
Over twelve months overdue	678	-	678	-
Possessions / receiver of rents	873	908	873	908
	1,207,466	1,178,496	1,188,006	1,104,825
	3,216	2,040	3,216	2,040

Value of collateral held: Indexed	2025	2024	2025	2024
	(£000)	(£000)	(£000)	(£000)
	Group	Group	Society	Society
Neither past due nor impaired	2,354,417	2,408,474	2,321,945	2,370,762

Forbearance

Forbearance is where the Group enters into an arrangement with a borrower when they have financial or other difficulties in meeting their obligations under the terms of their mortgage. Where appropriate for customers' needs, the Group applies a policy of forbearance and may grant a concession to borrowers. This may be applied where actual or apparent financial stress of the customer is deemed short term with a potential to be recovered. Incurred losses on forbearance cases are covered by existing provisions. The Group will always try to work with borrowers to achieve the best outcome for both parties in these circumstances and to this end its policy on forbearance has three basic principles:

- the borrower's best interests and establishing a payment plan with the borrower which is practical in the terms of the borrower's circumstances and their ability to pay but which meets the needs of both parties;
- that the Group will continue to work with the borrower to bring the mortgage back onto sustainable terms within a time frame appropriate to their circumstances; and
- the Group will only initiate repossession proceedings when all other reasonable attempts to resolve the problem have failed.

The principal forbearance tools used are interest-only concessions and arrangements to repay arrears over a period which is practical in terms of the circumstances of the borrower. The majority of borrowers who require assistance are aided by one or other of these methods.

28. Financial instruments (continued)

The table below gives details of the loans subject to interest-only concessions and arrangements at 31 December 2025.

	Interest only		Reduced Payment Concessions (reduced below the amount of interest)		Arrangements	
	Account balances £000	Number of accounts	Account balances £000	Number of accounts	Account balances £000	Number of accounts
2025						
Society	-	-	828	3	4,502	25
Crocus Home Loans	-	-	-	-	312	2
Group total	-	-	828	3	4,814	27
2024						
Society	-	-	996	3	5,086	31
Crocus Home Loans	-	-	-	-	1,359	5
Group total	-	-	996	3	6,445	36

Other forbearance measures offered by the Group include a change to the date of payment each month, reduced payment concessions, permanent change to mortgage type, mortgage term extensions and capitalisation of mortgage arrears. Capitalisation of mortgage arrears is only offered where all other forbearance options have been exhausted and only when it is the right option for the customer. The Group policy, after obtaining the customer's consent, is to capitalise arrears once the customer has made at least six consecutive contractual monthly mortgage repayments following the instance of non-payment. The types of forbearance offered during the year are detailed below:

	2025	2024
	Number of accounts	Number of accounts
Temporary transfer to interest only	14	27
Mortgage term extensions	-	-
Interest rate concessions	3	3
Arrangements	27	36
	44	66

During the year ended 31 December 2025, 8 properties were taken into possession, 6 by the Society (2024: 8) and 2 by Crocus Home Loans (2024: 2). The Group also engages a Receiver of Rents to manage properties on behalf of the customer, where the customer is unable to do so effectively. A Receiver of Rent was appointed on 1 new properties during the year.

At the end of 2025 the Group had 6 properties in possession and 4 properties with a Receiver of Rents appointed (2024: 11) representing capital balances of £1,763k (2024: £1,996k), which is 0.14% of the total Group book (2024: 0.17%)

This portfolio of possession and Receiver of Rent properties is reviewed on an ongoing basis to ensure that potential losses to the Society are managed and mitigated. Notwithstanding the active management of the portfolio, at 31 December 2025 provisions of £1.6m were maintained (2024: £1.3m).

Liquidity Risk

The Group's liquidity policy is to maintain sufficient assets in liquid form at all times to ensure that the Group can meet all its liabilities as they fall due and also meet all regulatory liquidity requirements.

The Group manages this risk on a continuous basis through ALCO and by ensuring compliance with the Liquidity and Financial Risk Management Policies approved by the Board. In practice this results in the Group holding a significant amount of highly liquid assets, mainly UK gilts, Treasury bills, multilateral development bank securities and deposits with the Bank of England, which are eligible to meet its required liquidity buffer set by the regulator. The Society also holds a separate pool of such assets for use as collateral with derivative counterparties. In addition the Group maintains deposits placed on call or overnight with the Bank of England and major banks to meet its operational needs without drawing on its buffer requirements.

The table below analyses the Group's assets and liabilities into relevant maturity groupings, based on the remaining period to contractual maturity at the Statement of Financial Position date. This is not representative of the Group's management of liquidity. Loans and advances to customers rarely run their full course. The actual repayment profile is likely to be significantly different from that shown in the analysis. For example most mortgages have a contractual maturity of around 25 years but are generally repaid much sooner. Conversely, retail deposits repayable on demand generally remain on the balance sheet much longer.

28. Financial instruments (continued)

Group residual maturity as at 31 December 2025 (£000)

	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
Assets						
Cash in hand and balances with the Bank of England	41,395	-	-	-	-	41,395
Treasury bills	-	14,926	54,395	-	-	69,321
Loans and advances to credit institutions	29,371	-	-	-	-	29,371
Debt securities	-	8,019	32,132	138,506	1	178,658
	70,766	22,945	86,527	138,506	1	318,745
Derivative financial instruments	-	171	1,047	2,352	684	4,254
Loans and advances to customers	-	12,885	28,020	165,412	1,001,149	1,207,466
Other assets	1,445	836	658	6,804	4,602	14,345
	72,211	36,837	116,252	313,074	1,006,436	1,544,810
Liabilities and reserves						
Shares	746,251	100,646	249,460	125,336	-	1,221,693
Amounts owed to credit institutions	-	17,124	58,419	-	-	75,543
Amounts owed to other customers	116,729	5,725	11,236	1,434	-	135,124
Derivative financial instruments	-	3	333	6,293	4,511	11,140
Provisions for liabilities	-	-	-	-	144	144
Other liabilities	-	4,076	978	-	140	5,194
Subordinated liabilities	-	2,312	-	10,221	-	12,533
Reserves	-	-	-	-	83,439	83,439
	862,980	129,886	320,426	143,284	88,234	1,544,810
Net liquidity gap	(790,769)	(93,049)	(204,174)	169,790	918,202	-

Group residual maturity as at 31 December 2024 (£000)

	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
Assets						
Cash in hand and balances with the Bank of England	82,862	-	-	-	-	82,862
Treasury bill	-	19,890	15,784	-	-	35,674
Loans and advances to credit institutions	16,633	-	-	-	-	16,633
Debt securities	-	-	65,648	75,581	-	141,229
	99,495	19,890	81,432	75,581	-	276,398
Derivative financial instruments	-	383	3,031	9,845	1,091	14,350
Loans and advances to customers	-	11,338	27,373	162,708	977,077	1,178,496
Other assets	1,395	619	1,034	3,044	5,052	11,144
	100,890	32,230	112,870	251,178	983,220	1,480,388

28. Financial instruments (continued)

Group residual maturity as at 31 December 2024 (£000)

	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
Liabilities and reserves						
Shares	727,435	84,113	248,933	60,618	-	1,121,099
Amounts owed to credit institutions	-	5,090	119,798	-	-	124,888
Amounts owed to other customers	110,274	6,436	11,885	613	-	129,208
Derivative financial instruments	-	112	67	2,160	4,553	6,892
Provisions for liabilities	-	-	-	-	144	144
Other liabilities	-	3,022	242	-	158	3,422
Subordinated liabilities	-	2,311	-	10,030	-	12,341
Reserves	-	-	-	-	82,394	82,394
	837,709	101,084	380,925	73,421	87,249	1,480,388
Net liquidity gap	(736,819)	(68,854)	(268,055)	(177,757)	895,971	-

Group & Society as at 31 December 2025 (£000)

	On demand	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Total
The following is an analysis of gross contractual cash flows payable under financial liabilities:						
Shares	734,990	104,938	259,430	135,366	1	1,234,725
Amounts owed to credit institutions	-	17,256	59,519	-	-	76,775
Amounts owed to other customers	116,385	5,949	11,645	1,533	-	135,512
Derivative financial instruments	-	348	2,294	7,207	2,450	12,299
Other Liabilities	-	4,076	979	-	140	5,195
Subordinated liabilities	-	-	752	6,000	18,000	24,752
Total liabilities	851,375	132,567	334,619	150,106	20,591	1,489,258

Group & Society as at 31 December 2024 (£000)

Shares	718,975	87,729	260,243	65,840	-	1,132,787
Amounts owed to credit institutions	-	5,142	137,525	-	-	142,667
Amounts owed to other customers	109,851	6,737	12,368	659	-	129,615
Derivative financial instruments	-	612	1,404	2,633	907	5,556
Other liabilities	-	3,022	242	-	157	3,421
Subordinated liabilities	-	-	752	6,000	19,500	26,252
Total liabilities	828,826	103,242	412,534	75,132	20,564	1,440,298

The analysis of gross contractual cash flows 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.

28. Financial instruments (continued)

Market Risk

Market risk is the risk of changes to the Society's financial condition caused by market interest rates or early redemption of assets. The Society is exposed to market 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 balance sheet elements (basis risk). The Society has adopted the 'Matched' approach to interest rate risk, as defined by the PRA, which aims to undertake the hedging of individual transactions within an overall strategy for structural hedging, based on a detailed analysis of the Statement of Financial Position.

The management of interest rate risk is based on a full Statement of Financial Position gap analysis. The Statement of Financial Position is subjected to a stress test of both a 2% rise and a 2% fall in interest rates on a weekly basis and the results are reported to the monthly ALCO meeting. In addition management reviews interest rate basis risk, including under stressed scenarios. Both sets of results are measured against the risk appetite for market risk. These are in turn reviewed monthly by the ALCO and reported to the Board Risk Committee.

The table below summarises the Group's exposure to interest rate risk. Included in the table are Group assets and liabilities, including derivative financial instruments which are principally used to reduce exposure to interest rate risk, categorised by repricing date.

	As at 31 December 2025 (£000)					Total
	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Non- interest bearing	
Assets						
Cash in hand	41,395	-	-	-	-	41,395
Treasury bills	14,926	54,395	-	-	-	69,321
Loans and advances to credit institutions	29,371	-	-	-	-	29,371
Debt securities	26,517	32,132	120,009	-	-	178,658
Derivative financial instruments	-	-	-	-	4,254	4,254
Loans and advances to customers	344,276	156,244	673,933	28,824	4,189	1,207,466
Other assets	-	-	-	-	14,345	14,345
Total assets	456,485	242,771	793,942	28,824	22,788	1,544,810
Liabilities and reserves						
Shares	843,429	252,741	125,336	-	187	1,221,693
Amounts owed to credit institutions	52,601	22,942	-	-	-	75,543
Amounts owed to other customers	122,455	11,235	1,434	-	-	135,124
Derivative financial instruments	-	-	-	-	11,140	11,140
Provisions for liabilities	-	-	-	-	144	144
Other liabilities	-	-	-	-	5,194	5,194
Subordinated liabilities	-	-	12,000	-	533	12,533
Reserves	-	-	-	-	83,439	83,439
Total liabilities and reserves	1,018,485	286,918	138,770	-	100,637	1,544,810
Impact of derivative instruments	530,174	121,492	(629,444)	(22,222)	-	-
Interest rate sensitivity gap	(31,826)	77,345	25,728	6,602	(77,849)	-
Sensitivity to profit and reserves:						
Parallel shift of +2%	76	(742)	(864)	(778)	-	(2,308)
Parallel shift of - 2%	(78)	765	922	1,046	-	2,656

28. Financial instruments (continued)

	As at 31 December 2024 (£000)					
	Not more than three months	More than three months but not more than one year	More than one year but not more than five years	More than five years	Non- interest bearing	Total
Assets						
Cash in hand	82,862	-	-	-	-	82,862
Treasury bills	19,890	15,784	-	-	-	35,674
Loans and advances to credit institutions	16,633	-	-	-	-	16,633
Debt securities	28,188	61,097	51,944	-	-	141,229
Derivative financial instruments	-	-	-	-	14,350	14,350
Loans and advances to customers	493,501	160,439	499,742	29,382	(4,568)	1,178,496
Other assets	-	-	-	-	11,144	11,144
Total assets	641,074	237,320	551,686	29,382	20,926	1,480,388
Liabilities and reserves						
Shares	810,806	249,028	61,253	-	12	1,121,099
Amounts owed to credit institutions	106,625	18,263	-	-	-	124,888
Amounts owed to other customers	116,710	11,885	613	-	-	129,208
Derivative financial instruments	-	-	-	-	6,892	6,892
Provisions for liabilities	-	-	-	-	144	144
Other liabilities	-	-	-	-	3,422	3,422
Subordinated liabilities	-	-	12,311	-	30	12,341
Reserves	-	-	-	-	82,394	82,394
Total liabilities and reserves	1,034,141	279,176	74,177	-	92,894	1,480,388
Impact of derivative instruments	424,529	48,988	(452,905)	(20,613)	-	-
Interest rate sensitivity gap	31,462	7,132	24,604	8,769	(71,968)	-
Sensitivity to profit and reserves:						
Parallel shift of +2%	(82)	16	(969)	(1,220)	-	(2,255)
Parallel shift of - 2%	82	(16)	969	1,220	-	2,255

At 31 December 2025, the Group has swaps in place with a net a notional value of £25.2m (2024: £26.5m) designed to protect the Society against the interest rate risk presented by its equity release mortgages. These are amortising swaps where the notional value of the instruments are tailored to reflect the expected life of the equity release portfolio, incorporating underlying assumptions on property values and prepayments and actuarial assessments on mortality.

All financial assets and liabilities are presented on a gross basis in the Statement of Financial Position as the Society does not have both an enforceable right to set off and the intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Society has entered into Credit Support Annexes (CSAs) for its derivative instruments which typically provide for the exchange of collateral on a daily basis to mitigate net mark to market credit exposure.

28. Financial instruments (continued)

The following table shows the impact on derivative financial instruments and repurchase agreements after collateral:

	(£000)		
	Gross amounts*	Financial collateral**	Total amounts
2025 Financial assets			
- Derivative financial instruments	4,254	26,799	31,053
Total Financial assets	4,254	26,799	31,053
Financial liabilities			
- Derivative financial instruments	11,140	-	11,140
Total Financial liabilities	11,140	-	11,140
2024 Financial assets			
- Derivative financial instruments	14,350	-	14,350
Total Financial assets	14,350	-	14,350
Financial liabilities			
- Derivative financial instruments	6,892	(7,099)	(207)
Total Financial liabilities	6,892	(7,099)	(207)

*As reported in the Statement of Financial Position.

** Financial collateral disclosed is limited to the amount of the related financial asset and liability.

29. Capital

The Board's policy is to continue to grow its capital base to further strengthen the confidence members and other stakeholders have in the Society as well as support future growth. The Group's capital requirements are set and monitored by the Prudential Regulation Authority (PRA). The Society operates a formal Internal Capital Adequacy Assessment Process (ICAAP) to determine and demonstrate how these requirements are met. The ICAAP also sets out the framework for the Society's internal governance and oversight of its risk and capital management policies and is used to assist with the management of capital and risk exposures. The Society's actual and forecasted capital positions are reviewed against a risk appetite that requires capital to be maintained at a specific minimum level above regulatory requirements. There were no reported breaches of capital requirements during the year. There have been no material changes to the Society's management of capital in the year.

		2025 (£000)	2024 (£000)
The table below reconciles the Group's reserves to its total capital position:			
	Notes		
General reserves		82,038	81,885
Available for sale reserve	23	465	(427)
Revaluation reserve	24	936	936
Prudent valuation adjustment		(298)	(240)
Deductions for intangible assets ¹	15	(1,305)	(1,346)
Deduction of pension surplus		(1,458)	-
Total Common Equity Tier 1 Capital		80,378	80,808
Collective impairment losses	12	855	844
Subordinated liabilities	21	12,000	12,000
Total Tier 2 Capital		12,855	12,844
Total regulatory capital		93,233	93,652

29. Capital (continued)

Notes:

(1) CRD IV regulations requires intangible fixed assets, net of any deferred tax liabilities, to be deducted from Tier 1 capital.

A detailed analysis of the Group's capital position and disclosures is provided in the Group's Pillar 3 Disclosures for 2025 which are available on our website.

(2) The movement in subordinated liabilities reflects the amortisation of the debt.

30. Related party transactions

a) Subsidiary, parent and ultimate controlling party

The Group is controlled by the Saffron Building Society, the ultimate parent and ultimate controlling party, which is registered in England and Wales. Note 13 contains details of subsidiary undertakings and of any loans to subsidiary undertakings.

b) Key management compensation

The Directors of the Society are considered to be the Key Management Personnel, as defined by FRS102.

Total compensation for key management personnel for the year ended 31 December 2025 £1,064,526 (2024 £1,126,953).

Further information on compensation for key management personnel can be found in Note 7 and in the Directors' Remuneration Report.

c) Transactions with key management personnel and their connected persons

	2025		2024	
	Number of key management personnel	Amounts £000	Number of key management personnel	Amounts £000
Shares and deposits				
Balance at 1 January	11	113	8	143
Net movements in the year	-	(26)	3	(30)
Balance at 31 December	11	87	11	113

	2025		2024	
	Number of connected persons	Amounts £000	Number of connected persons	Amounts £000
Balance at 1 January	7	180	7	218
Net movements in the year	(1)	(35)	-	(38)
Balance at 31 December	6	145	7	180

Amounts deposited by key management personnel and their connected persons earn interest at the same commercial rates and terms and conditions as applicable to all other employees and members of the Society.

d) Directors' loans and transactions

At 31 December 2025, there were no outstanding mortgage loans granted in the ordinary course of business to Directors and their connected persons.

31. 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 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 on a consolidated basis for the year ended 31 December 2025:

Name, nature of activities and geographical location:

The Society has two subsidiaries and operates only in the United Kingdom. The Society is a credit institution whose principal activities are deposit taking and mortgage lending.

Total number of employees: The total number of employees of the Society at 31 December 2025 was 200.

Annual turnover: Equivalent to total net income and, along with profit before tax, is as disclosed in the Income Statement on page 81.

Corporation tax paid: As disclosed in the Cash Flow Statement on page 83.

Public subsidies: There were none received in the year.

Annual Business Statement

for the year ended 31 December 2025

1. Statutory percentages	Ratio at 31 December 2025	Statutory limit
	%	%
Lending limit	0.9	25
Funding limit	14.7	50

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

The lending limit measures the proportion of business assets other than in the form of loans fully secured on residential property. Business assets are the Total assets of the Group plus Impairment losses on loans and advances less Liquid assets, Investment properties, Property, plant and equipment and Intangible assets.

The funding limit measures the proportion of shares, deposits and debt securities not in the form of shares held by individuals.

The statutory limits are prescribed in Building Society legislation and ensure that the principal purpose of a Building Society is that of making loans which are secured on residential property and are funded substantially by its members.

2. Other percentages	Ratio at 31 December 2025	Ratio at 31 December 2024
	%	%
As a percentage of shares and borrowings:		
Gross capital	6.5	6.8
Free capital	6.0	6.3
Liquid assets	22.3	20.1
As a percentage of mean total assets:		
Profit after taxation	0.01	0.28
Management expenses	1.58	1.46

3. Information relating to the Directors and other officers serving during the year ended 31 December 2025

Name of Director	Date of Birth	Date of Appointment	Occupation	Other Directorships
Angela Cha	25.08.1963	01.10.2024	Non-Executive Director	Financial Reporting Council Crocus Home Loans Ltd
Louise Wilson	05.01.1971	01.10.2024	Non-Executive Director	Vertas Group A2 Dominion Housing Thames Reach Housing Crocus Home Loans Ltd
Alexandra Hatchman	30.03.1974	01.12.2024	Non-Executive Director	NHS Aqua Teenage Cancer Trust M&A Mastercall Crocus Home Loans Ltd
Mark Preston	11.02.1960	01.08.2024	Non-Executive Director	Aria Finance West One Loans University of Kent Crocus Home Loans Ltd
Colin Field	24.11.1973	1.05.2014	Chief Executive Officer	Crocus Home Loans Ltd Saffron Independent Financial Advisers Limited* Saffron Walden Property Sales Limited* Saffron Walden Investment Services Limited* Saffron Walden Property Developments Limited* Saffron Mortgage Finders Limited*
David Rendell	17.07.1958	01.05.2020	Director	Crocus Home Loans Limited Richmond Place Consultants Limited
Maurice Mills Resigned 30 November 2025	30.04.1982	11.01.2023	Chief Financial Officer	Crocus Home Loans Limited Saffron Independent Financial Advisers Limited* Saffron Walden Property Sales Limited* Saffron Walden Investment Services Limited* Saffron Walden Property Developments Limited* Saffron Mortgage Finders Limited*
Robin Litten	11.05.1963	04.01.2021	Director	Crocus Home Loans Limited
John Penberthy-Smith	04.03.1967	01.01.2022	Chief Commercial Officer	Crocus Home Loans Limited Emeth Consulting Limited
Jaz Saggi	18.06.1962	01.09.2022	Director	BHSF Group Ltd BHSF Management Services Limited BHSF Employee Benefits Limited Wasmos Ltd Crocus Home Loans Limited
Caroline Cartellieri	14.12.1970	01.09.2023	Director	Europ Assistance Asthma + Lung UK C-Squared Consulting Ltd. Maisons Du Monde German School London.

* Company dissolved on 7 January 2025

Documents may be served on the above named Directors at the following address:
Saffron Building Society, Saffron House, 1a Market Street, Saffron Walden, CB10 1HX

Other Officers	Occupation
Roy Sparks	Chief Risk Officer
Liz Raczi	Chief People Officer
Lara Banjo	Interim Chief Financial Officer*

*Appointed permanent CFO as of 1st January 2026.

4. Directors' service contracts

As at 31 December 2025, C H Field, J Penberthy-Smith had service contracts with the Society which could be terminated by either party giving six months' notice.

0800 072 1100

saffronbs.co.uk

Saffron House

1A Market Street

Saffron Walden

Essex CB10 1HX



Saffron
Building Society