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BEVERLEY

BUILDING SOCIETY

Building Better Futures

Member Review

Including Summary
Financial Statement for year
ended 31 December 2020



8/9

**A helping hand onto
the property ladder**

Pictured: Simon Jensen

18/19

**Family connections that
span generations**

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Welcome

I am extremely proud of the job my colleagues have done to ensure our doors remained open, continuing to give members the outstanding, personal support you have come to expect from us.

Karl Elliott, Chief Executive

2020 was a year like no other, that challenged us all in ways we could not have imagined. I am extremely proud of the job my colleagues have done to ensure our doors remained open, continuing to give members the outstanding, personal support you have come to expect from us. Throughout, our thoughts and best wishes have been with you, your friends and families.

Despite the substantial operational and financial challenges presented by COVID-19, we have continued to receive excellent feedback from members.

We have also seen healthy demand for our mortgages from customers and brokers, and strong growth in our savings balances, overall assets and profitability. All of this underlines our role, as a member-owned organisation, in the ongoing sustainability and prosperity of our region.

Over the next few pages, you'll find out more about our approach and performance during 2020. Our financial highlights are on pages 4&5 of this

booklet and a summary of our 2020 financial performance is on pages 26 to 33. You can also view our Annual Report & Accounts, including a more detailed summary of our 2020 financial performance, at beverleybs.co.uk/annualreport2020.

On pages 6&7, we hear from the Society's Chairman, Stuart Purdy, about his view of 2020 and how our corporate governance has had to adapt in the face of COVID-19.

On pages 8&9, self-employed podiatrist Simon Jenson describes how delighted he and fiancée Pippa were to buy their first home with our help, despite their circumstances being a little more complex. On 10&11, local mortgage broker David Dunning describes the difference we made to his clients and the Hornsea housing market. Then, on 12&13, we recognise our amazing and committed team, who've gone out of their way – even more than usual – to continue meeting our members' needs throughout the pandemic.

You'll find details of our community giving on pages 14&15, including some extra donations we've made to charities that have been at the sharp end of helping people affected by isolation and hunger as a result of the coronavirus outbreak.

We hear from new savings customers, the Beckleys, on 16&17, about what brought them to the Society.

Loyal savers, Dawn and Peter Goldthorpe, reminisce about their family's links with the Society, going back to when we first opened our doors in 1866, on pages 18&19. You can meet your Board on pages 20&21, view our Directors' Remuneration Report on 22 to 25, our independent auditor gives his opinion on 34, and on 35 you'll find details of how to join this year's AGM online.

We take our principles of helping those whose needs are poorly served by mainstream providers; giving customers the time, help and guidance they need to achieve their goals, and supporting the areas where they live and work, very seriously indeed.

Our relevance as an independent building society is strong and sustainable, and we look forward to the future, mindful of the uncertainty that lies ahead, but confident that we have an important role to play in building better futures for our members and the communities we serve.

A huge thank you, to our members and other supporters, for your continued loyalty throughout the past 12 months.

Enjoy reading and we look forward to working with you in what will hopefully be a better year ahead.

2020 highlights

At-a-glance summary of how your Society performed over the past 12 months

Average savings interest rates over **0.6%** – much higher than the sector average

£1,000 donation made to the local foodbank to assist those most affected by COVID-19

We continued to focus on under-served mortgage markets such as people approaching and in retirement, first-time buyers and the self-employed

Continued with our charitable donations, giving over **£6,000** to good causes at the heart of our community

No executive bonuses – all profits are invested in your Society

Customers consistently rate us **5** out of **5** for our service

Grew pre-tax profits to **£462,000** due to the proven resilience of our mortgage book and strong cost control

Assets rose to **£200m** for the first time ever

We lent **£19.9m** and launched a fixed-rate offer for local, first-time buyers when other lenders withdrew from this market. **81%** of borrowers stayed with us when their deals ended



Review of the Year

Your Society, while not immune, was resilient and agile, maintaining a clear focus on genuine personal attention and excellent service for our members.

Stuart Purdy, Chairman

While your Society has experienced much in its 155-year history, there will be few years that stay in the memory for as long as 2020. The physical and financial wellbeing of our country has been significantly challenged and almost all will have been affected in some way by the consequences of the COVID-19 pandemic. Our thoughts are very much with those members, friends and families across our communities who are suffering ill health or have lost loved ones because of the virus, and with those having financial difficulties due to the economic challenges that the repeated lockdowns have created.

Your Society, while not immune, was resilient and agile, maintaining a clear focus on genuine personal attention and excellent service for our members, while ensuring a safe environment for all. This was underpinned by strong financial management and control, enabling us to end the year having made continued strategic progress and financially stronger, with increased profits, reduced arrears, strengthened capital and reserves, and total assets at an all-time high.

The first lockdown, last March, was unprecedented in its impact both on our markets and on our ways of working and

managing the organisation. Your Society adapted quickly, with almost 70 per cent of colleagues enabled to work from home, while maintaining a branch service and full mortgage offering. Your Board adapted too, moving to virtual meetings from March, and meeting more frequently to ensure we provided ongoing support and necessary oversight, even our 2020 AGM having to be held behind closed doors (see a summary of the voting results on page 7). In all aspects, your Society proved adaptable amidst this unprecedented scale of operational and business change.

Despite the interruptions of three lockdowns, when functioning, the housing market has remained strong throughout the year, with house prices rising both nationally and across our region, supported by the Government's stamp duty holiday. In the second half of the year, we gave further support to self-employed borrowers and entered the fixed-rate mortgage market, helping higher-loan-to-value borrowers and first-time buyers in our region to get onto the housing ladder.

We look to the future with cautious optimism, mindful of the potential impacts of increasing unemployment, business failures and the

conclusion of various government support schemes. While the recent European Union trade agreement has reduced some of the uncertainty around 'Brexit', we wait to see what the economic impact will be.

Returns for savers have been further reduced due to the Bank of England's base rate cut in March 2020, but demand for our accounts has remained strong, as our members seek safe havens from increasingly volatile investment markets. We are mindful of the challenges that such low returns present for savers, and have sought to minimise the impact of rate cuts and maintain a competitive offering throughout the year, including launching a fixed-rate bond, all resulting in strong cash inflows from savers, which, in turn, support our lending aspirations.

Members will find further details of the progress we have made over the past year in delivering our strategy, throughout this magazine or in full, online, at beverleybs.co.uk/annualreport2020.

Your Board has continued to evolve during 2020, ensuring that we have the necessary skills and capabilities to meet our obligations, pursue our strategy and serve our members' interests.

Esther Morley joined us in January 2020, bringing significant lending and executive experience, having previously led Secure Trust Bank's mortgage division. As planned, Esther became our Risk Committee Chair during the year.

Martin Cocker, having served as our Audit & Compliance Committee Chair for three years, left the Board in March 2020, having accepted a full-time executive role, with his Society position being taken up by Mike Heenan, one of our longest-serving and most experienced non-executives. We thank Martin for his service and commitment to the Society, and wish him well.

In response to the market and economic volatility, Richard Pattinson agreed to extend his tenure for a further twelve months, to September 2021, ensuring the Board continued to benefit from his invaluable knowledge and experience. Looking to the future, we also welcomed Karen Wint to the Board in February, 2021. Karen brings strong sector experience and knowledge of our region, having served as Leeds Building Society's Chief Operating Officer for seven years. We look forward to utilising Karen's skills as we seek to further embed our strategy in the years ahead.

I hope the continued roll out of the COVID-19 vaccines means we will all be able to start returning to more normal times in the near future. In the meantime, the importance of our team's contribution and the service they provide to our members has never been higher, and I sincerely thank each one of them.

I would also like to thank all our members and community partners for their continued loyalty and support, and wish you all a happy, healthy and safe 12 months ahead.

2020 AGM voting results

Resolution	Total Votes	For	Against	Withheld
To receive the Annual Report & Accounts	1003	969/97.9%	21	6
To appoint PricewaterhouseCoopers LLP as auditors	1003	937/95.5%	45	12
To elect Esther Elaine Morley	1003	936/95.7%	42	16
To re-elect Martin Robert Cocker	1003	931/95%	49	14
To re-elect Michael Richard Heenan	1003	934/95%	49	12
To re-elect Susan Ann Symington	1003	935/95%	47	12
To re-elect Karl Jeffery Dixon Elliott	1003	934/95%	47	11
To approve Directors' Remuneration Report	1003	883/91%	92	16

A helping hand onto the property ladder



Finding a mortgage for a home you've fallen in love with can be a testing time for many people, but it needn't be if you come to the Beverley, as 33-year-old Simon Jenson discovered.

Originally hailing from West Yorkshire, Simon moved eastwards to work as a podiatrist for the East Riding of Yorkshire Clinical Commissioning Group, and secured himself rented accommodation in the village of Holme-on-Spalding-Moor.

After dating his girlfriend, Pippa, for just under a year, the smitten foot expert popped the question and, to his delight, she said 'yes'. Pippa, 32, was living with her parents in Cherry Burton, and the couple decided to focus on planning their dream wedding, before switching their attention to some serious house-hunting.

Searching for a place to call home

Simon explained: "This would be the first time either of us had purchased a property. Pippa doesn't work as she has ME (chronic fatigue syndrome), and this complicated matters as we wanted a joint mortgage in both our names, based on my ability to cover the repayments."

The first barrier the Jensons faced was the 'chicken-and-egg' situation of what comes first, property or mortgage?

"We looked at a few properties, and the estate agents would pass me on to financial

advisors. One said 'do you have a mortgage?' while the other said 'do you have a property yet?'. This wasn't helpful at all," Simon added.

Then, the couple saw a semi-detached dormer bungalow in Market Weighton advertised online and their hearts leapt. Simon said: "We booked a viewing to see it the day after it had been listed. It was within our budget but needed some work.

"It had three bedrooms, so plenty of space to accommodate our hobbies – Pippa loves crafting and I needed somewhere to set up my train sets. I also really enjoy gardening so a decent-sized garden was a must. This home ticked all the boxes and, despite it needing a fair bit of attention, we had our hearts set on it."

As a Beverley Building Society saver, Simon was already aware of our services, and Pippa's dad recommended they contact our Head of Lending, Graham Carter.

"Graham was excellent," said Simon. "We initially rang to make an appointment with him, then went into the branch together to discuss our options. It was so smooth and straightforward. Graham dealt with everything and there was no nonsense of being passed to different people, or him disappearing into the back to 'speak with the manager'. Graham had a refreshing 'can do' approach we really appreciated."

Pippa and Simon got their mortgage 'decision in principle' and were able to complete as soon as their offer on the bungalow was accepted.

"We take pride in doing things differently... there's no need to make agreeing a mortgage a stressful experience."

Cheaper than renting!

Simon added: "We couldn't be happier with the deal, our monthly payments are cheaper than the rent I'd been paying!

"Having a top-quality service like that provided by the Beverley really takes the stress out of the whole process. It's good to know that they are practically on our doorstep should we ever need to pop in and see someone."

Graham said: "It's great to hear such positive feedback from Simon and Pippa. We take pride in doing things differently at the Beverley, and we believe there's no need to make agreeing a mortgage a stressful experience."

A bright and cheery future

When the Jensons got the keys to their new home, they almost cried – not so much with joy, but with the realisation of how much work they had in store! Simon said: "It's a work in progress and we're currently saving up to refit the kitchen and bathroom."

But their lovely garden is already attracting attention. "I wanted to grow lots of sunflowers to add some colour and interest to the front of the bungalow," Simon explained, "and I ended up with 112 in total! They've certainly brightened up the place and passers-by are always looking at them with smiles on their faces!"



"We couldn't be happier with the deal, our monthly payments are cheaper than the rent I'd been paying!"

Pictured: Simon Jenson



Helping East Yorkshire folk buy their dream homes

It's funny how things come full circle.

As a mutual building society, we were created – back in 1866 – to solve a social problem at that time. It was nigh-on impossible for ordinary folk to own their own homes. So, a group of like-minded philanthropists got their heads together and set up a kind of cooperative where, by each contributing a share to a savings pot on a regular basis, they could raise enough funds to buy their own houses, one by one. And societies like the Beverley continue to contribute to that common homeownership goal through a mostly-simple formula, based on lending out in mortgages what savers deposit with us.

In some ways, today's society is more equal, and it is more the norm for ordinary working people to aspire to own their own homes. However, ironically, the long-term impacts of the 2008 global financial crisis, and now the COVID-19 pandemic, are posing problems of their own. For example, lenders are more cautious about who they will give mortgages to. This has led to a reduction in the availability of the lower-deposit mortgages many first-time buyers need, and a reticence, among some,

to support people whose circumstances are just that little bit different, such as the self-employed and those wanting to borrow later in life. Of course, avoiding risk in this way is very understandable, when warranted. However, in too many cases, the answer is 'no' because larger lenders have such a volume of cases to process, they rely increasingly on automated decision-making and just don't have the time to put the effort in that more complicated cases require.

The opposite is true at the Beverley, where we are absolutely committed to taking extra time to properly understand each borrower's unique circumstances, and then thinking outside the box to try to offer them a solution.

Meeting borrowers' real needs

We've demonstrated this over and over again since the onset of the coronavirus crisis in March 2020. We offered a special 'Bounce Back' mortgage for self-employed people, which gave them the option of paying just the interest in the first year, to leave them more free

cash while they weathered the economic challenges of repeated lockdowns. We also launched several fixed-rate mortgage deals with deposits as low as 10 per cent, at a time when very few were available, exclusively for first-time buyers and mortgage brokers in our East Yorkshire heartland.

David Dunning, who runs Hornsea Mortgage Brokers with wife Louise, regularly recommends our mortgages to their clients. He explained why our move was so important to the region: "The low-deposit fixed rates have literally saved us," he said.

"When the first lockdown came, we were still busy with applications but almost every lender pulled their 90 per cent loan-to-value (LTV) mortgages. If the Beverley hadn't stepped in, we would have had to turn away a phenomenal number of people."

And it's not just first-time buyers who benefited – in fact, they're vital to everyone else looking to buy a home or move.

"They are critical to the whole property ecosystem," added David, "especially in a town like Hornsea, where, without them, nothing moves, and very often a chain of five or six homes depends on one first-time buyer getting the mortgage they need.

"What the Beverley did by offering 90 per cent LTV deals to East Yorkshire people, was to keep their local area going, and you can't underestimate the importance of that.

And this is not the only thing that keeps the Dunnings coming back to Beverley Building Society to help them meet their clients' needs.

"What we've always loved about the Beverley is that we can talk to the team and they are fantastically knowledgeable and, more importantly, prepared to think outside the box and take a more pragmatic view.

"That's what we get from the Beverley team – they're really good at responding when we have a question and we get to deal with human beings!"

Pictured: David & Louise Dunning



"So many lenders, these days, are so bogged down by credit scoring, but what we often need is a more old-fashioned approach involving getting to know the case in depth and trying to help on that basis," added David.

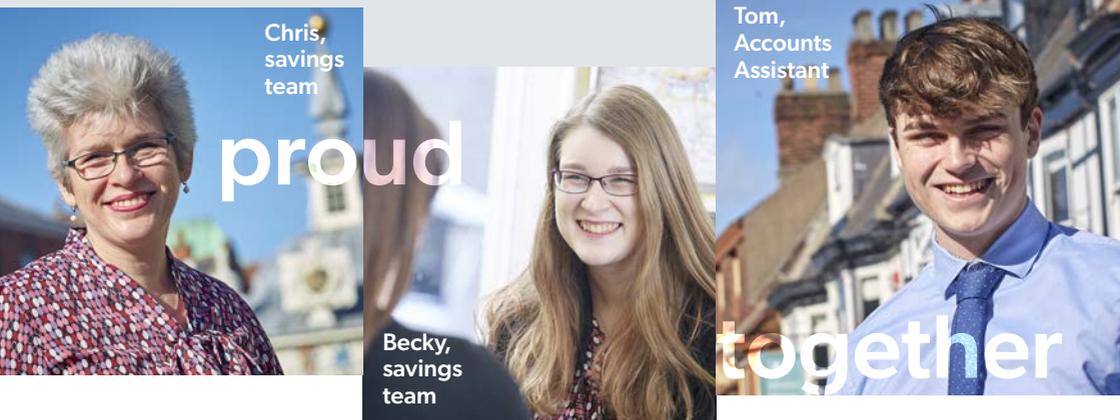
Our Head of Lending, Graham Carter, said: "It always makes our day when we get this kind of feedback from brokers like David and Louise.

"We recognise what a vital role they play in helping borrowers in our region navigate what is an increasingly complex mortgage landscape, and we're only too delighted to do everything we can to help them achieve their goals."

That was the year that was!

None of us are likely to forget the experience of living through 2020 in a hurry. Months of lockdown, shortages of essential items in the shops, economic turmoil, financial hardship for many and – above all – heartrending experiences where people either lost loved ones to COVID-19, or were prevented from seeing them for months on end, and often at vital points in their lives.

We've heard many people describe the last few months as 'like living through a war' and, sadly, this isn't too far-fetched a description. And, although we appear to have won some battles of late, including the roll out of a vaccination programme, it appears the conflict is far from over and it is likely to be some time before we see a return to anything like normality.



Chris,
savings
team

Tom,
Accounts
Assistant

Becky,
savings
team

Huge resilience

As with wartime, though, the saddest occurrences are frequently matched by real positivity. The volunteers from organisations like the Royal Voluntary Service, which we donated to during the first lockdown (see pages 14 and 15), who turned out in their droves to deliver food parcels or simply offer friendship to lonely and isolated elderly people; the heroism demonstrated by NHS, care and other frontline workers, who battled on to ensure our nation was looked after and fed through the darkest months of the coronavirus pandemic, and the sense of community and togetherness engendered by shared hardship, demonstrated through things like the doorstep applause for our NHS.

Immensely proud

We count our Beverley Building Society team among the pandemic's unsung heroes. Classed as key workers due to our role in helping people access their finances, we have managed to maintain our usual high levels of service throughout, thanks to their fantastic efforts. While, like all organisations, we had to make adjustments to the way we operate: introducing social distancing in our branch, reducing our opening hours, having members of our team work from home, reducing cash handling and dealing with the majority of customer queries and appointments over the telephone, we have continued to serve our mortgage and savings members when you needed us most, without missing a single beat.

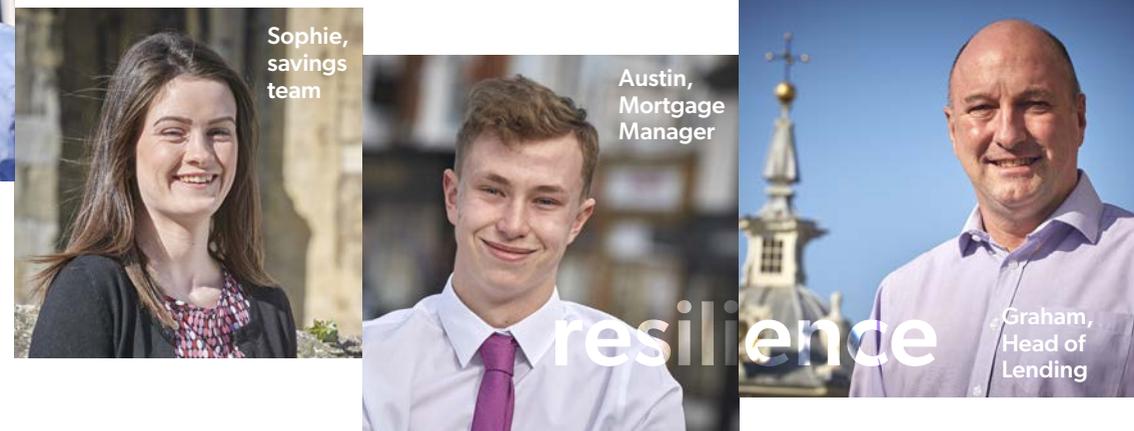
Head of Operations, Lesley Wegg, recalled one example of the lengths her team had to go to: "They've had to be really flexible by changing their working patterns, often at short notice, to ensure that the branch could provide a counter service throughout the working week, and have always looked for solutions and suggested ways of overcoming obstacles to ensure that we could continue to be there for our members," she said.

"This has included thinking of alternative arrangements to help people facing unforeseen problems, like one member who had travelled to the Far East and couldn't rearrange his return flights due to COVID-19 restrictions. We found a way of enabling him to access his savings quickly, and communicated with him at very unusual times of the day and night to allow for international time differences."

COVID-19 on their ability to remortgage or buy their first home, but we've actually been able to help more people than usual during much of the year, including groups like the self-employed and families wanting to help each other out with a home purchase – cases which, particularly against the uncertainty created by the pandemic, many mainstream lenders have struggled to give the necessary attention to."

Chief Executive Karl Elliott added:

"I am immensely proud of how our team have pulled together and adapted to surmount unforeseen and unprecedented challenges during 2020."



Sophie,
savings
team

Austin,
Mortgage
Manager

Graham,
Head of
Lending

Meanwhile, Head of Lending Graham Carter said his team have remained true to our core value of enabling homeownership, by helping borrowers despite everything, often when other lenders couldn't or wouldn't.

"We've continued lending throughout," said Graham.

"Many customers were understandably confused and concerned about the impact of

"They've had to get to grips with new processes and working practices, and yet, despite everything, have continued to delight our customers daily.

"We, and our customers, are very fortunate to have such a committed team of people, who are absolutely passionate about helping people to achieve their financial goals, and ensuring them the best possible experience in the process."



Top left: Left to right, charity Chair Kate Leaf with local business owners Tracey, from Beverley's Fresh & Fruity greengrocers, and Sam, from the Pig & Whistle bistro, who contributed to special Christmas food boxes. Top right: Volunteer Tony Brooks. Bottom right: Volunteer Pat Bryan.



Helping to bring hope during a difficult year

Building better futures is our mission at the Beverley, including supporting our local community wherever possible. And there has arguably never been a greater need for the support of both individuals, and organisations like ours, as there was during 2020.

We had to change some of our familiar approaches to charitable giving, as the need for COVID-security in our branch rendered our usual customer Charity of the Month (CoTM) vote impossible. However, we continued to donate thousands of pounds to worthy charities, including some dealing with the sharp end of the coronavirus.

Supporting the fight against COVID-19

Last June and July, for example, we gave our usual CoTM pots of £250 per month to the Royal Voluntary Service (RVS), towards its vital work co-ordinating support for the

1.5 million vulnerable and elderly people across our region who had to self-isolate to protect themselves. This support included everything from bringing them vital supplies, to a friendly chat.

The Society's donation helped the charity reach its target of raising £1.4million to fund the efficient systems needed to deploy the right volunteers to the right places, at the right time – as well as the cost of food boxes and other supplies. Because our 2020 AGM couldn't go ahead as normal, we also gave the £500 we would have spent on the AGM buffet, to the RVS, bringing their total to £1,000.

At each year's AGM, we choose one charity that has won our CoTM member vote in the preceding year, to benefit from a special, additional donation of 50p per vote cast. Last year, we awarded that £501 to the Martin House Hospice, which does such amazing work supporting children and their families from our East Yorkshire region.

Then, we gave November's and December's CoTM donations to Viking FM's annual Mission Christmas appeal. We know how popular this is with our members, as 2019 saw you donating a record number of toys in-branch, to bring smiles to children's faces who might not otherwise receive a visit from Santa. In 2020, toy drop-offs weren't possible, so we gave cash instead – £500 in lieu of our November and December CoTM donations, as well as making an account available so that members could give cash too.

In December, we were so touched to learn about the drastic spike in demand experienced by the East Yorkshire Foodbank, we decided to give them an additional £1,000 towards their work ensuring no-one should have to go hungry.

The charity saw requests for help from needy families treble from April 2020, compared to the same months of 2019, with 6,000 people coming forward as of 30 November, and 40 per cent of that help going to children. Charity Chair Kate Leaf explained that our donation – along with the generosity of other local businesses – would make a real difference to those families in the run-up to Christmas: "While demand has been exceptional this year, fortunately so has the response from members of our community, including businesses," she said.

"We're extremely grateful to everyone who's come forward to help us, help families experiencing real hardship."

Causes close to our members' hearts

Of course, at the same time as making exceptional donations like these, we ensured our members' voices were heard by giving money to some of the organisations you nominated. Because we couldn't ask members to vote, as normal, on which should receive our CoTM funding each month, we asked our team!

They chose Hull's Dove House Hospice, Hull & East Riding (HER) Breast Friends and the

British Heart Foundation, each of which received £500. HER Breast Friends and the British Heart Foundation are particularly dear to our hearts because two of our colleagues suffered the kinds of illnesses they campaign about during the last 12 months. While they have, thankfully, recovered, their experiences touched everyone here.

We have carried forward all the other charities you highlighted into 2021, when, hopefully, you will be able to vote for your favourites again.

Our Chief Executive Karl Elliott said: "If ever there was a year when we all needed to work together towards the common good, this was it.

"The coronavirus pandemic has pushed many people to the limit, whether through loneliness, illness, hunger or financial hardship, or, in some instances, a combination of all those things.

"Playing an active part in improving the lives of people in our community is in the Society's DNA, and why we have endeavoured to help good causes we, and our members, are passionate about.

"We hope the sense of community and kindness stemming from our collective pandemic experience will be at least one positive outcome of a year that was difficult for so many."



Volunteers preparing to deliver thousands of toys

"We're extremely grateful to everyone who's come forward to help us, help families experiencing real hardship."

Welcoming customers old and new

“It’s always a pleasure when new customers such as Pat and Tim decide to join us, and they are guaranteed a warm welcome from our friendly team.”

As a building society that’s genuinely rooted in our local community, we make it our business to offer a friendly welcome to customers old and new.

Many of our loyal savers have been with us for decades and it’s lovely to be able to greet them by name in the branch, or wherever we might bump into them around town. But it’s also a special moment for us whenever someone chooses to join our membership and puts their trust in us to safeguard their savings.

Enjoying the good life

Pat and Tim Beckley have lived in Beverley since 1975, but only decided to come into the Beverley Building Society fold in early 2020. The couple retired in 2019 – Tim from his work as a tree officer at Hull City Council, and Pat from her lecturing job at a university in Lincoln. With two grown-up children living elsewhere with their own families, the couple soon settled into a pleasurable new retirement routine of filling their days with their favourite activities including walking, cycling, gardening and tending to their allotment.

A spring clean of their finances meant they were on the hunt for a new joint savings account, and one day, during a walk through the town centre, the Beverley’s classy new livery caught their eye.

Pat said: “We spotted the branch, which had new branding and really stood out. We said we should look the Beverley up on the internet when we got home, so that’s what we did.

“The idea of a local building society appealed to us. Reading about the organisation and the board members on the Society’s website, it seemed they genuinely care about their community and we liked what they were doing.”

Face-to-face contact

The Beckleys then decided to pop into our branch for some advice on opening an account. Tim explained: “We went in just to have a chat about our savings options. The team were so encouraging and really went out of their way to help. We both like the fact there’s a place where we can go and speak to people face-to-face, instead of just dealing with our account online, which can make you feel anonymous.”

With no particular savings goal, our Instant Access Account suited the couple down to the ground. Pat said: “We didn’t have a special purpose for our savings, but we knew we definitely wanted a joint account that had instant access. This worked really well when we decided to buy a car and needed to be able to get hold of the money fast.

“We popped into the branch to see someone about it, and the money was transferred instantly. It was all so quick, it couldn’t have been any easier.”

Part of the community

As true Beverlonians, the Beckleys say they absolutely love living in the town, and would most certainly recommend the Society to other savers. “We’re glad to save with an organisation that genuinely reflects the local community, and it’s so nice to have that direct contact,” Tim added.

Lesley Wegg, Head of Operations and responsible for our savings offering, said: “It’s always a pleasure when new customers such as Pat and Tim decide to join us, and they are guaranteed a warm welcome from our friendly team.

“It’s a pleasure to help the Beckleys achieve their savings goals and to catch up with them whenever they pop into the branch, and of course it’s savers like them who help us support the homeownership aspirations of people in our region.”

Pictured: Pat and Tim Beckley

“We’re glad to save with an organisation that genuinely reflects the local community, and it’s so nice to have that direct contact.”





A wheelie good place to save!

“I like the fact I’m not just an account number, they do actually know me by name.”

Beverley Building Society first opened its doors in 1866 to help local people build better futures for themselves and their families, and we remain one of the longest-serving, independently-owned mutuals in the UK.

We are proud to have served generations of families in our region and beyond, and it’s always fascinating to chat with current customers whose Victorian ancestors would have passed the time of day with our clerks in our original branch in Lairgate, and who also relied on us to safeguard their savings.

One such customer is one of our loyal savers and proud Beverlonian Dawn Goldthorpe, from Molescroft, who was given a Beverley Building Society savings account almost as soon as she was born.

Dawn said: “My family have lived in the Beverley area since the 1700s, so they were probably among the Society’s first customers. In the past we have considered moving, but I’m too attached to this place, you’d have to prise me out! It feels so comfortable and safe here, I’m not interested in living anywhere else.

“I know my parents saved with the Beverley, as did my nanna, and my grandfather’s parents, who lived in Hengate. And now myself and my husband Peter have savings accounts, as do all four of our children. I guess there’s a strong sense of family loyalty that has just been passed down through the generations.”

Pictured: Dawn & Peter Goldthorpe

But what does Dawn think lies at the root of such loyalty? “The Beverley is part of the community and supports local people, which is important to me,” she explained. “The people who work there live in the area too, and they know their customers. The branch is a nice place with a lovely atmosphere, you can go in and the staff smile and know your name, and take the time to chat with you. If you ask a question and they don’t know the answer, they’ll find out straightaway.

“The Society has always been our first choice for savings, for the standard of service they give, and that’s why I opened children’s savings accounts for my kids when they were young. I’d recommend them to anyone.”

One of Dawn’s sons, 27-year-old John Butt, said: “I’ve grown up having a Beverley Building Society savings account and I like the fact I’m not just an account number, they do actually know me by name.”

Sense of community

Something the Goldthorpes share with the Beverley is their sense of community, and pride in the town. In 1992, mountain bike enthusiast Peter opened a bicycle shop, Minster Cycles, located near Beverley Minster. The business soon developed and a move to bigger premises in Norwood enabled him

to take on more staff and expand the range of stock.

The shop has since become a popular source of bikes, clothing, accessories and servicing for leisure, commuter and racing cyclists across East Yorkshire and beyond. With Dawn sharing the business management responsibilities, and the pedal-powered hobby experiencing a huge boom in recent years, the couple also opened a sister shop in Hull.

Peter said: “Like Beverley Building Society, we are an independently-owned and operated business, and genuinely care about our customers.”

Shared values

The world of cycling may have changed significantly since 1992 but, again like the Society, the Goldthorpes remain true to their core values. “Our customers can expect expert, personal service from a dedicated team, as well as competitive prices and excellent aftersales support,” Peter added. “Like the Beverley, we care passionately about helping and supporting local.”

Lesley Wegg, Head of Operations, said: “We’re very happy to be able to treat the Goldthorpes and their family members as valued customers, and look forward to continuing to support their future generations with their savings goals.”



“Like the Society, we are an independently-owned and operated business, and genuinely care about our customers.”

Meet your Board

Est.
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BEVERLEY BUILDING SOCIETY



Stuart Purdy

Non-Executive Director, Chair

Joined in 2018. Member of the People & Culture Committee. Experienced in developing businesses and implementing strategic growth plans in financial services companies. Stuart leads an effective Board, promoting inclusive discussion based on relevant information. He also leads on the development and embedding of the Society's culture, as well as having responsibility for Board members' induction, training and professional development.



Karl Elliott

Chief Executive

Joined in 2017. Member of the People & Culture Committee. A business leader with over 25 years' experience of delivering successful strategic and organisational change for financial services mutuals. Karl has overall day-to-day responsibility for all aspects of the Society's performance, including financial, regulatory, risk and people management.



Janet Bedford

Deputy Chief Executive and Finance Director

Joined in 2014. A qualified Chartered Accountant with extensive financial services experience. Janet is responsible for the Society's financial management and controls, allocation and maintenance of capital, funding and liquidity; treasury, financial information and regulatory reporting, and internal stress tests.



Mark Marsden

Risk Director

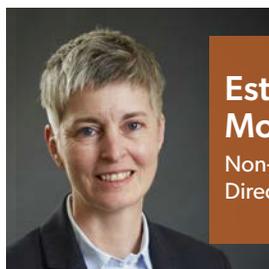
Joined in 2014. Mark has 15 years' retail lending and deposit-taking experience. He defines and oversees implementation of the Society's credit and operational risk management arrangements (including as Money Laundering Reporting Officer and Data Protection Officer). He also manages the financial risks associated with climate change.



Mike Heenan

Non-Executive Director

Joined in 2012. Chairman of the Audit & Compliance Committee and member of the Risk Committee. Qualified Chartered Accountant with extensive knowledge of the building society sector. Mike provides a wealth of experience and knowledge of the sector and the Society's legacy lending, ensuring continued careful management of the legacy commercial mortgage book.



Esther Morley

Non-Executive Director

Joined in January 2020. Chair of the Risk Committee and Member of the Audit & Compliance Committee. Esther was formerly Managing Director of Secure Trust Bank's mortgage division, with full profit and loss accountability. She brings extensive experience in specialist lending, credit risk management, marketing and product analysis.



Richard Pattinson

Non-Executive Director, Senior Independent Director

Joined in 2011. Chair of the Risk Committee and Senior Independent Director, with almost 40 years' banking experience in treasury and risk management. Richard advises the Board on the Society's overall risk appetite, tolerance and strategy, and oversees performance. He also safeguards the independence and performance of our risk function, including whistleblowing policies and procedures.



Sue Symington

Non-Executive Director

Joined in 2013. Chair of the People & Culture Committee, which discharges the functions of a remuneration and a nominations committee. Member of the Audit & Compliance and Risk Committees. Sue provides human resources experience, focusing on colleague matters such as succession planning, reward, learning and development, and performance management.



Karen Wint

Non-Executive Director

Joined the Board in February 2021. Karen has over 30 years' experience in the building society sector, having been responsible for technology, customer services, operational resilience, change delivery and human resources, most latterly as an executive director of Leeds Building Society.

Directors' Remuneration Report

for the year ended 31 December 2020

This report explains how the Society has regard to the principles in the UK Corporate Governance Code 2018 relating to remuneration.

This report explains how the Society has regard to the principles in the UK Corporate Governance Code 2018 relating to remuneration.

The Society has adopted a Remuneration Policy, which describes how the Society complies with the relevant sections of the Financial Conduct Authority's (FCA) Remuneration Code. The Remuneration of individual directors is detailed below.

The level and components of remuneration

Code principles:

Remuneration policies and practices should be designed to support strategy and promote long-term, sustainable success. Executive remuneration should be aligned our purpose and values and be clearly linked to the successful delivery of the Society's long-term strategy.

Board Comment:

The Board's policy is to set remuneration levels which will attract and retain high-calibre executive and non-executive directors.

Non-executive directors' remuneration

The functions of a remuneration committee are discharged by our People & Culture Committee, which reviews the remuneration of all non-executive directors on an ongoing basis, using external data for other comparable building societies and comparing any increase to those applied to the executive directors. There are no bonus schemes for non-executive directors and they do not qualify for pension entitlement or other benefits. Non-executive directors do not have service contracts.

Executive directors' remuneration

The main components of the executive directors' remuneration are:

Basic salary

This takes into account the job content and responsibilities, individual performance (assessed annually) and salary levels for similar positions in comparable organisations.

Pensions

This involves the Society contributing to the personal pension arrangements of its executive directors. The Society does not have a defined benefit or final salary pension scheme.

Other benefits

These include private medical insurance, permanent health insurance and participation in a group income protection scheme.

Bonus scheme

The Society does not operate any bonus schemes for its executive directors.

Contractual terms

Executive directors have contractual notice periods of six months (Chief Executive: nine months), and so any termination payment would not exceed nine months' salary and accrued benefits. The performance of the executive directors is reviewed on an annual basis by the Remuneration Committee.

The procedure for determining remuneration

Code principle:

A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome.

Directors should exercise independent judgement and discretion when authorising remuneration outcomes, taking account of company and individual performance, and wider circumstances.

Board comment:

The functions of a remuneration committee are discharged by the People & Culture Committee, which consists of two non-executive directors and the Chief Executive. The Chief Executive takes no part in the determination of his own remuneration.

The People & Culture Committee is responsible for the Remuneration Policy for all directors and senior management of the Society. It meets at least quarterly and reviews supporting evidence from within the building society sector on comparative packages. The Committee takes into account relevant factors from the UK Corporate Governance Code and the Society complies with the relevant and applicable aspects of the FCA Remuneration Code.

Directors' remuneration (audited)

Directors' emoluments	2020	2019
	£000	£000
For services as a director	104	92
For executive services	382	372
Total	486	464

Emoluments of the Society's directors are listed below

	Fees	Fees
	£000	£000
For services as a director		
S Purdy (Chairman of the Board)	27	26
M R Cocker (former Chair of the Audit & Compliance Committee)	4	17
R A Pattinson (Senior Independent Director, former Chair of the Risk Committee)	19	18
M R Heenan (Chair of the Audit and Compliance Committee)	17	14
S A Symington (Chair of the People & Culture Committee)	17	17
E Morley (Chair of the Risk Committee)	20	0
Total	104	92

M R Cocker resigned as a member of the board of directors on 31 March 2020.

Directors' remuneration continued

	Salary	Benefits	Pension	Total
	£000	£000	£000	£000
For executive services				
2020				
K J D Elliott (Note 1)	165	1	-	166
J E Bedford	109	1	10	120
M Marsden	86	1	9	96
Total	360	3	19	382

2019

K J D Elliott (Note 1)	161	-	-	161
J E Bedford	106	1	11	118
M Marsden	84	1	8	93
Total	351	2	19	372

Note 1: Included in the 2020 salary of K J D Elliott is £19k which represents cash payments in lieu of pension and car benefit (2019: £19k).

S A Symington
Chair of the People & Culture Committee
 January 2021

Summary Financial Statement

for year ended 31 December 2020

This financial statement is a summary of information in the audited annual accounts, the Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge, on request, at every office of Beverley Building Society after 31st March 2021, as well as online at beverleybs.co.uk/annualreport2020

Business Review and Annual Results

The global COVID-19 pandemic has had an unprecedented impact on the UK economy. UK gross domestic product (GDP) fell by 10 per cent in 2020 and unemployment has already risen to circa five per cent, despite significant support from the Government through furlough and business support schemes.

Throughout this crisis so far, the UK housing market has remained reasonably resilient, latest data suggesting that UK gross mortgage lending reduced by circa 11 per cent in 2020, reflecting, particularly, the impact of the first national lockdown. Activity in the housing market has potentially been stimulated by people's changing home requirements as a result of the lockdown experience, and the temporary reduction in stamp duty. This has driven UK house price increases of 7.3 per cent, with Yorkshire and Humberside recording a 7.7 per cent rise (source: Nationwide Building Society House Price Index).

It is recognised that the longer-term outlook for the mortgage market remains highly uncertain and will depend on how labour markets and earnings respond to the impact of the coronavirus and ultimate removal of government support. An assessment of the impact of these risks on the Society is included in our full Annual Report and Accounts, at beverleybs.co.uk/annualreport2020.

The UK saving market has seen strong growth in 2020, with investors turning to cash savings in a volatile investment market. In addition, savings have been bolstered by the reduced spending opportunities available for those with disposable income.

Finally, the UK Government has been able to secure a trade deal with the European Union (EU), avoiding the significant forecast disruption to the UK economy of a no-deal exit. While some disruption is still expected as firms adjust to the new trading agreements, the Society has no direct exposure to the EU, therefore the impact will be limited to the economic results of the deal.

Despite this period of economic uncertainty and intermittent lockdown, the Society has delivered a strong set of results. Key highlights include:

- Profit before tax of £462,000, an improvement of £285,000 on the prior year, driven by growth in net income
- The balance sheet has grown by four per cent, the Society's total assets have exceeded £200m for the first time
- Funding has increased by £7.7m, driven primarily by members in the local area
- The Society is proud to have been able to provide circa 10 per cent of mortgage customers with a mortgage payment deferral, to help them withstand the financial impacts of the pandemic. Virtually all these customers are now back paying their mortgage as normal
- While the Beverley's mortgage portfolio reduced by one per cent in 2020, to £150m, due to the delays in the normal operations of the housing market, our mortgage commitments ended the year at historically-high levels

- The mortgage team's underwriting expertise, and fair pricing, were reflected in the Society retaining circa 81 per cent of mortgages that reached the end of their discounted scheme period in 2020
- The Society maintains a conservative lending policy, which is reflected in our average loan-to-value (LTV) ratio, which has fallen for the seventh consecutive year, to 34 per cent
- Capital continued to grow steadily, to its highest level in five years, helping to protect the Society in challenging economic times.

Profitability

As a mutual, the Society does not pay shareholders' dividends. The Society's policy is also not to pay bonuses to colleagues and profit is therefore fully re-invested back into reserves, building financial strength and providing long-term resilience for members' benefit.

Profit before tax



Profit before tax was £462,000, an increase of £285,000 driven by higher net income. As shown in the above graph, profitability has returned to historic trend levels. Net income has risen due to improvement in our net interest margin, as noted below.

Costs have been tightly managed, with planned recruitment, where possible, deferred due to the pandemic. Consequently, the Society's cost base only increased by £44,000.

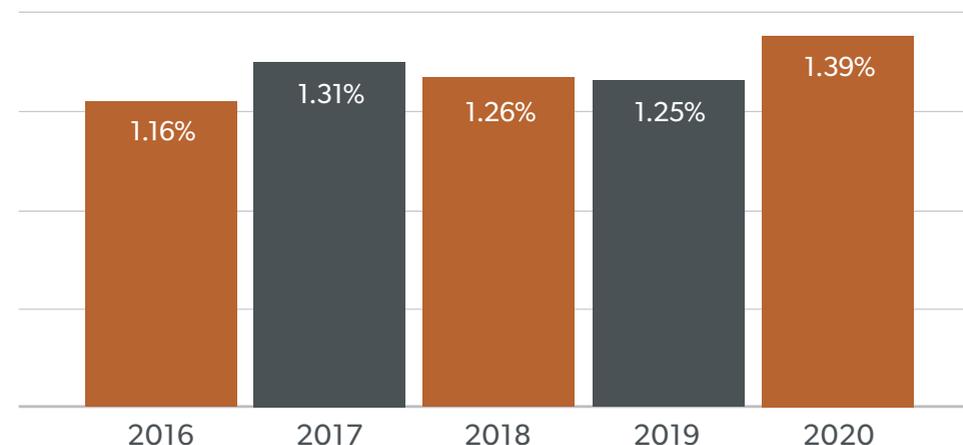
The Society monitors its cost base carefully and continues to have one of the lowest cost-to-mean-assets ratios in its sector.

Impairment charges, while historically high for the Society, have broadly remained flat year-on-year, despite arrears falling to unprecedentedly-low levels in 2020 and no new mortgages falling into possession. This is due to the Society appropriately increasing provisioning against our legacy commercial mortgage portfolio, recognising that this is an area of the mortgage book which may come under continued stress during the pandemic.

Net Interest Margin

Our Net Interest Margin (NIM) has increased during the year. By focussing our expertise on niche lending, the Society's mortgage rate has largely been retained, despite the 0.65 per cent reduction in the Bank of England base rate. The yield on our Bank of England reserves and cost of funds, however, has reduced more substantially as the market has largely followed the base rate reduction.

Net Interest Margin

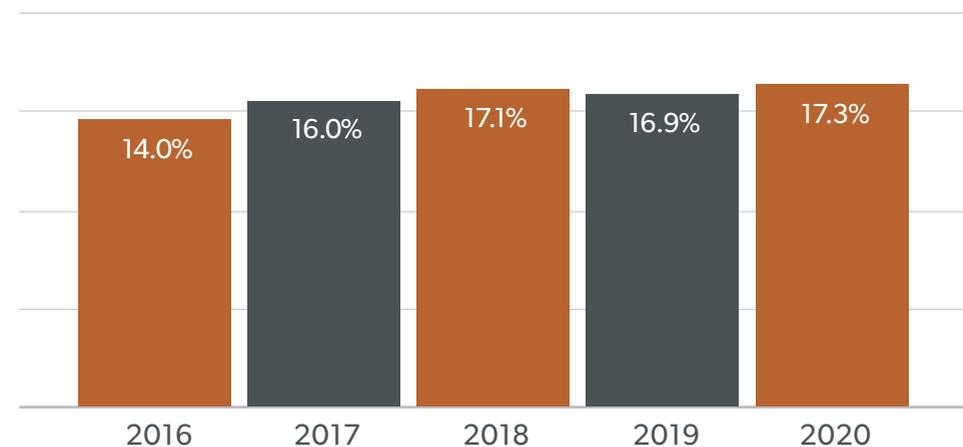


Capital

Capital is a key measure of the Society's financial strength and is primarily comprised of accumulated profit reserves. Capital supports business growth and protects the Society against its principal risks. In addition, higher levels of capital ensure that we can respond to the greater protection buffers required under the Capital Requirements Directive (CRD).

Total Capital Ratio

Our total capital as a percentage of Risk Weighted Assets (RWA) has increased substantially over the five-year horizon, due to strong profitability and reducing risk within the asset base (as measured by RWA).



The minimum regulatory capital requirement has reduced in December 2020, in line with the latest Prudential Regulation Authority (PRA) regulation which reduces the total capital requirement in order to offset the proposed increase in the countercyclical capital buffer, which will be enacted when the UK returns to a more normal economic environment.

	Definition	2020	2019
Total capital requirement	The Society's minimum regulatory capital requirement. Presented as a percentage of RWA.	8.98%	9.48%

The Society's capital position is set out in more detail in our Pillar 3 disclosure document. The 2020 document will be available on the Society's website from April 2021.

Loans and advances to customers

During the year, the Society advanced gross mortgages totalling £19.9m (2019: £25.8m) and retained 81 per cent of residential mortgage schemes that came to the end of their discounted mortgage scheme period in 2020 (2019: 77 per cent).

Total mortgage balances (gross of mortgage loss provision)



The nationwide lockdown has impacted the level of new mortgage advances written. The slower speed of the mortgage transactions nationally, however, has resulted in a historically-high level of mortgage commitments of £9.5m.

In terms of arrears at the year-end, there was one arrears case with a total balance outstanding of £25,500 and a total arrears balance of £2,300 (2019: one case with a total balance outstanding of £113,000, and total arrears of £14,000) where repayments were more than 12 months in arrears. As at 31 December, 2020, there were five cases in possession or under Law of Property Act Receivership (2019: six cases).

The Society will continue to take all necessary steps to help borrowers in payment difficulties, while, at the same time, trying to minimise losses to the Society and ensure that our lending policy has appropriate regard to economic conditions and each customer's ability to repay.

Shares and deposits

The Society offers straightforward saving products, which offer good value, transparent savings rates of interest. In line with our values, both new and existing members are offered the same rate for the same product.

Reflecting the general trend in UK savers' balances during the pandemic, the Society's shares and deposits balances grew significantly in 2020, by a total of £7.7m (2019: increase of £2.4m).

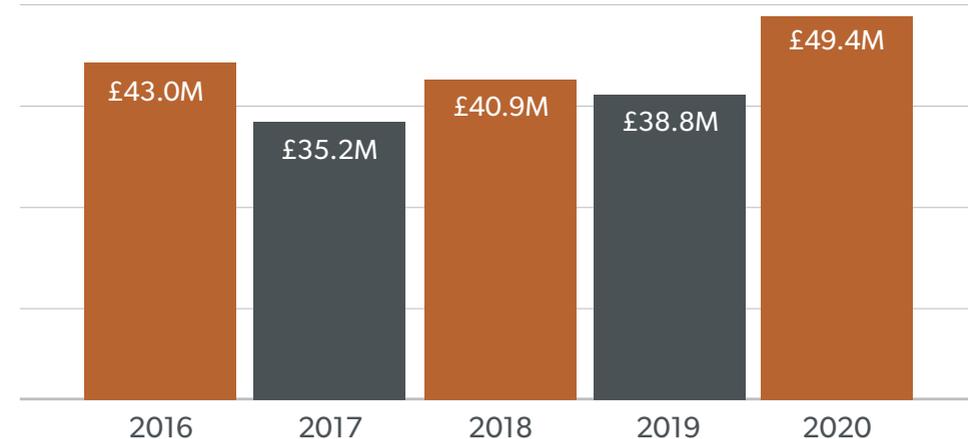
Shares and deposits



Liquid assets

Liquid assets in the form of cash and securities at the year-end were £49.4m, representing 26.5 per cent of shares and borrowings, driven by the strong inflow in member funding during the year. The Board currently invests only in the Bank of England. The impact of this conservative treasury approach is to reduce both liquidity and capital risk, important in an uncertain economic environment.

Liquid assets



The Liquidity Coverage Ratio is a measure of liquid assets which can be converted to cash to meet cash outflows in the event of a stress scenario. The Society is required to maintain a minimum of 100 per cent to meet regulatory requirements.

	2020	2019
Liquidity Coverage Ratio	618%	427%

Results for the year	2020	2019
	£000	£000
Net interest receivable	2,729	2,402
Other income and charges	56	55
Administrative expenses and depreciation	(2,065)	(2,023)
Provisions for loan impairment	(262)	(257)
Provisions for contingent liabilities and commitments		
FSCS levy	4	0
Profit for the year before taxation	462	177
Taxation	(97)	(34)
Profit for the year	375	143

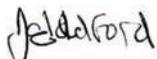
Statement of other comprehensive income	2020	2019
	£000	£000
Profit for the financial year	375	143
Other comprehensive income		
Revaluation of freehold land and buildings	(159)	(105)
Total comprehensive income for the year	206	38

Financial position at the end of the year	2020	2019
	£000	£000
Assets		
Liquid assets	49,391	38,813
Mortgages	149,501	151,763
Fixed and other assets	1,118	1,493
Total assets	200,010	192,069
Liabilities		
Shares	170,333	164,294
Borrowings	17,915	16,278
Other liabilities	286	227
Revaluation reserve	412	571
General reserve	11,064	10,699
Total reserves and liabilities	200,010	192,069

Approved by the Board of Directors on 4 February 2021 and signed on its behalf by:


S E Purdy Chairman


K Elliott Chief Executive


J E Bedford Deputy Chief Executive

Summary of key financial ratios	2020	2019
	%	%
Gross capital as a percentage of shares and borrowings	6.10	6.24
Liquid assets as a percentage of shares and borrowings	26.24	21.49
Profit for the year as a percentage of mean total assets	0.24	0.09
Management expenses as a percentage of mean total assets	1.04	1.04

Explanation of key financial ratios

The above percentages have been prepared from the Society's balance sheet.

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

Gross capital represents the general reserve and revaluation reserve.

Mean total assets are the average of the 2019 and 2020 total assets.

Management expenses represent the aggregate of administrative expenses, depreciation and amortisation.

Independent auditor's statement

on the Summary Financial Statement to the members of Beverley Building Society

We have examined the Summary Financial Statement of Beverley Building Society (the 'Society') set out on pages 26 to 33, which comprises the results for the year ended 31 December 2020, the financial position at 31 December 2020 and the summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

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

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the chief executive's business review, summary directors' report and summary directors' remuneration report.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this

opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Report and Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Beverley Building Society for the year ended 31 December 2020 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
Leeds

8 February 2021



Join our AGM online this year!

Monday
26 April
from
5.30pm

To help keep our members safe from COVID-19, we have decided to once again hold our Annual General Meeting behind closed doors.

However, involving you in this key event in our calendar is vitally important to us. So, with that in mind, we will be giving you the opportunity to participate online in 2021, for the first time in our history.

We will be live streaming our AGM, on Monday, 26 April, from 5.30pm. If you would like to take part, please:

- Email AGM2021@Beverleybs.co.uk to let us know, providing your name, account number and contact details (email and phone number). We will use the details you provide to send you further instructions for taking part nearer the time.
- Include any questions you would like to ask our Board in your email, and they will endeavour to answer them during the proceedings.

Please note, there will be no opportunity to vote or ask questions during the meeting this year.

In order to participate virtually, you will need access to a suitable device like a PC, laptop, tablet or smartphone. If you do not have any of these things and would still like to ask a question or see how things went, please still contact us to register your interest and we will provide you with a transcript of the event afterwards.

All votes and questions must be received by us, by 3pm on Thursday, 22 April, either via the dedicated online voting portal, by post or in-branch. You'll find full details of how to vote on your enclosed voting form.

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BEVERLEY

BUILDING SOCIETY

Building Better Futures

Beverley Building Society
57 Market Place, Beverley
HU17 8AA

Call 01482 881510

Visit beverleybs.co.uk



Protected



The Society is a member of the Building Societies Association.

It is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered Number 206064.