

Welcome to our Member Review and Summary Financial Statement

For the year ended 31st December 2024

Contents

Society Information	3
Member Review	
Chair's Statement	4
Chief Executive's Review	6
Environmental, Social and Governance	8
Your Board of Directors	11
Summary Financial Statement	
Summary Directors' Report	14
Summary Statement	15
Independent Auditor's Statement	17
Directors' Remuneration Report	18

Our Branches

Harpenden Branch

Aberdeen House,
14 Station Road, Harpenden,
Hertfordshire, AL5 4SE
Telephone: 01582 344204
Manager: Isabel Hare

Leighton Buzzard Branch

22 Market Square,
Leighton Buzzard,
Bedfordshire, LU7 1HE
Telephone: 01525 852525
Manager: Isabel Hare

Radlett Branch

341 Watling Street,
Radlett,
Hertfordshire, WD7 7LB
Telephone: 01923 854457
Manager: Gill Pearce

Tring Branch

38 High Street,
Tring,
Hertfordshire, HP23 5AA
Telephone: 01442 824722
Manager: Gill Pearce

Society Information

Established and incorporated: 1953
Firm Reference Number: 157260
Member of the Building Society Association
Member of UK Finance

Head Office
Mardall House
Harpenden
Hertfordshire
AL5 4HU

Board of Directors

Nigel Boothroyd	Chair
Lesley Beecher	
David Green	
Tina Kokkinos	
Tracie Pearce	(appointed 1 May 2024)
Mark Williams	
Mark Willis	
Stephen Richardson	(retired 30 April 2024)
Richard Doe	(retired 31 May 2024)
Trevor Barratt	(appointed 02 January 2025)

Executive Committee

Mike Cutler	Commercial Director
Gemma Fient	Director of Operations
Ian Jones	Chief Risk Officer
Gavin Mullen	Society Secretary
Tracie Pearce	Chief Executive Officer (appointed 1 May 2024)
Gary Richardson	Director of IT & Transformation
Mark Williams	Finance Director

Bankers

HSBC Bank plc
1 Centenary Square
Birmingham
B1 1HQ

Auditor

Forvis Mazars LLP
30 Old Bailey
London
EC4M 7AU

Chair's Statement



In my first year as Chair of Harpenden Building Society, I am delighted to present our annual report and accounts.

First and foremost, I would like to extend my heartfelt gratitude to outgoing Chair, Stephen Richardson, for his dedicated service to our Society and the Board. Stephen stepped down at the last AGM and his significant contributions over his ten-year tenure have been invaluable. We are enormously grateful for his leadership and commitment.

I would also like to acknowledge the contribution of Richard Doe, who retired as our CEO in May 2024. Richard successfully led initiatives to enhance the Society's business performance and, along with his team, established a strong foundation for our current success.

We are pleased to welcome Tracie Pearce as our new CEO, who joined us in May 2024. Tracie brings a wealth of experience and a proven track record from her previous roles at Santander, HSBC, and Nationwide Building Society. We are excited about the vision and leadership she will bring to our Society in the coming years.

Society's performance in 2024

Your Society has continued to perform strongly, thanks to an unwavering focus on our mutual values and core purpose that prioritise you - our members. The commitment, enthusiasm, and dedication of our colleagues has been instrumental in delivering a very good performance for all our stakeholders.

I am delighted to be able to report that the whole team at the Society has delivered a very strong performance in 2024. The mortgage book has grown by 17.5% and profit before taxation of £0.9m has been delivered. The Society holds significant surplus capital and liquidity, which affords it the capacity and time to continue developing a stronger, larger and more sustainable business.

Outlook for 2025 and Building a Sustainable Society

We entered 2025 with a strong service proposition and a robust pipeline of mortgage business. This positions us well to achieve further mortgage growth in the coming year. While we remain mindful of the potential impact of falling interest rates on the Society's interest margins, we anticipate another year of solid profitability.

Board Changes

As part of my transition as Society Chair and Chair of the Nominations Committee, David Green assumed the role of Vice Chair and Senior Independent Director while Lesley Beecher took over from me as Chair of the Remuneration Committee.

I am also pleased to announce that we welcomed Trevor Barratt to our Board as a non-executive director this January. Trevor brings with him a wealth of non-executive and sector experience and I believe he is well placed to add significant value as we move forward with developing and growing our business.

Governance

The Board plays a vital role in ensuring the long-term sustainability of the Society, with a commitment to protecting our culture and values while upholding the highest standards of governance. It is our responsibility to make strategic decisions not only for the benefit of current members but also for future generations of members. Through effective governance, we strive to uphold the integrity of our Society and promote a culture of trust, collaboration and excellence.

Colleagues

Colleagues play a crucial role in the success of the Society. Our commitment to personal service distinguishes us from many competitors and is an essential part of our identity. We strive to cultivate

Chair's Statement (continued)



a positive environment that empowers our team to grow both professionally and personally, while ensuring alignment with the behaviours, skills and capabilities necessary for the Society's future progress. In a competitive market, we remain committed to our people strategy, prioritising colleague attraction, retention and development. By investing in our staff and fostering a culture of continuous improvement, we enhance individual potential and strengthen our collective capabilities as your building society.

I would like to record my thanks to the Board, the management team and all colleagues at the Society for their continued efforts and support in ensuring the ongoing success of our Society. I would also like to say thank you to you, our members, and our professional partners for their past and continued support.

Nigel Boothroyd

Chair

18 March 2025

Chief Executive's Review



I am delighted to present our Annual Report and Accounts for 2024 in my first year as Chief Executive. Returning to the building society sector has been a wonderful experience, and I am thrilled to join the Society at such an exciting time. It has been a privilege to lead the Society through a year of financial progress, strategic achievements, and cultural transformation. Despite ongoing economic challenges, we have continued to strengthen our position, delivering value to our members while upholding our core principles of trust, responsibility, and community engagement.

I am particularly looking forward to working closely with Nigel and the board, whose dedication and vision have been instrumental in our success. Together, I am confident we will continue to build on our achievements and drive the Society forward.

The UK economy in 2024 continued to be shaped by high inflation and elevated interest rates. The Bank of England's base rate peaked at 5.25% before falling to 4.75% in December. In February 2025 the rate was cut to 4.50%, with further cuts expected in 2025 as inflation eases.

Higher interest rates challenged mortgage borrowers but benefited savers, creating a more dynamic market. We balanced the needs of both by offering competitive products while maintaining strong branch services alongside growing online account management.

Mortgage rates eased from 2023 highs, with sub-4% products reappearing in the market. However, affordability remains stretched due to higher rates and living costs. The remortgage market was active, house prices showed resilience, and employment levels and housing shortages provided market support, though transaction volumes remain below pre-pandemic levels.

The savings market remained highly competitive, with institutions competing for deposits. Although best-buy rates moderated, they continued offering strong returns. Inflation gradually declined but remains persistent, influencing monetary policy and consumer behaviour.

Against that backdrop, I am pleased to report that 2024 has been a year of significant financial achievement, with profit before tax reaching £900k. We delivered 17.5% net mortgage growth, increasing our total mortgage book to £323m, supported by a strong pipeline of £87.1m. Our balance sheet grew by 24.9% to £423.3m, and while a decline in the Net Interest Margin (NIM) was anticipated due to falling base rates and the growth of the savings book to support mortgage lending. This growth has been driven by an expanding loan book, disciplined cost management, and enhanced operational efficiency, all of which will continue to strengthen our capital position and long-term sustainability.

For 2024, our Net Interest Margin stood at 2.46%, and our Cost/Income Ratio was 91.4%, while the liquid assets ratio increased to 24.2%. Mortgage arrears and forbearance have continued to be low and stable, and the average loan-to-value across our mortgage book stands at just 40%. Our overall provision for bad debts reduced to £302k.

We have maintained a prudent approach to mortgage lending by avoiding high loan-to-value lending and upholding our traditional strengths in responsible underwriting.

I am proud of the strategic milestones we achieved in 2024, notably the successful submission of our matched approach application, and subsequent regulatory approval to offer fixed-rate mortgages. We also completed the disposal of our shareholding in Mutual Vision, our core system provider,

Chief Executive's Review (continued)



delivering a strong financial return while securing future services for our members. These actions reflect our proactive approach to improving operational efficiency and ensuring the long-term sustainability of your Society. Additionally, we have made strong progress in product development and capital utilisation, setting a solid foundation for future growth.

A strong and engaged workforce remains at the heart of our success. In 2024, we placed a significant focus on workplace culture and employee engagement. Regular communications have helped to improve transparency and team cohesion. Our employee engagement scores through Best Companies rose year on year, earning us a "Very Good to Work For" rating once again.

Risk management continues to be a fundamental pillar of our strategy. In 2024, we effectively implemented Consumer Duty regulations and strengthened our regulatory controls, carefully managing our risk appetite to support our strategic goals.

I am delighted to report that we have also maintained a strong commitment to our local communities. Over the course of the year, we raised more than £5,000 for Mind, contributed over 350 volunteer hours, and provided more than £19,000 in grants to local organisations. Alongside these community efforts, we have remained dedicated to delivering excellent service to our members, whether through branches, telephone, or online channels, and I am proud to say that this commitment was reflected in member feedback, with a Smart Money People rating of 4.64 out of 5. We were also honoured to be recognised as the Best Local Building Society at the What Mortgage Awards for the tenth consecutive year, demonstrating the strength of our relationships with members and the broader community.

In conclusion, 2024 has been a year of strong financial performance, strategic progress, and cultural transformation. These achievements provide a robust foundation for the future, ensuring we are well-positioned for continued success in the years ahead.

Tracie Pearce

Chief Executive
18 March 2025



Environmental, Social and Governance (ESG)

The Society has an ESG Manifesto, which articulates:

- Our commitment to reducing the Society's carbon footprint.
- Our support of the UK Government's ambition to reduce greenhouse gas emissions to net zero by 2050 and our commitment to helping generate sustainable economic growth.
- Our vision to play an active role in our communities.
- Our support of our people ethically and responsibly.
- Our commitment to best practice corporate governance.

Our Carbon Footprint

We took the following steps in 2024 to improve the Society's carbon footprint:

- We installed smart meters in our Head Office and all branches, which provide automated reporting of energy usage, allowing us better control of our usage and costs.
- We are now using "green energy" in all our sites.
- We rewired our Head Office to make it more energy efficient.
- We outsourced a core server to the cloud, which helped reduce our energy consumption.
- We commenced replacing end of life air conditioning units with more energy efficient units.
- We appointed a new cleaning company with green credentials.
- We continued to reduce our paper usage, limiting printing where we can and ensuring we use sustainable paper. For example, all our ISA transfers can now be processed through PayUK.

- We encouraged members to open savings accounts online resulting in over 70% using this channel for account openings in 2024.
- We encouraged recycling wherever possible with recycling bins for paper, plastic, cans, and card.

Lending and Saving Sustainably

We are committed to delivering sustainable lending and saving through the products we offer and the markets in which we operate. The Society will continue to expand its knowledge of climate change and take action to manage the impacts on its members and the organisation. This will be accomplished through collaboration with partners and stakeholders.

We launched a green survey to elicit our members' views on what they consider the Society should be offering in terms of green products. Overall members seem to be interested in green initiatives, but we would like to hear from more members to determine whether there is sufficient appetite for a green savings product. The survey is available on our Environmental, Social and Governance page of our website and we encourage members to take the time to complete it.

We continue to support our members with a broad range of products and are proud to have won the Best Local Building Society in the What Mortgage Awards for a tenth year in a row.

As part of UK Savings Week, we joined the annual Building Societies Association campaign providing informative content to our colleagues and members about how to save money and manage one's finances. We also provided members with practical savings tips in our newly launched e-magazine, Mutual, along with updates on society news and insights into our community charitable work.



Best Local Building Society



Environmental, Social and Governance (continued)

Our Communities

In line with our Vision, we continued to play an active role in our communities by:

- Awarding charitable grants of c.£19k from our Endowment Fund (the "Fund") to four worthy recipients, namely Harpenden Connect, Youth Talk, Citizen's Advice in St Albans and the Rotary Club of Leighton Linlade "Yes We Can" programme. The purpose of our Fund is to support children, health and local community projects primarily within the geographic area of Hertfordshire but also Bedfordshire. The Fund is administered by Hertfordshire Community Foundation (HCF), an independent countywide charity that provides support to local grassroots organisations and to children and families in crisis by encouraging local philanthropy. HCF helps identify and research suitable projects for us to fund in line with our objectives. We prioritise grants for charities near our branch locations and aim to award at least one grant annually to a charity focused on environmental sustainability.
- Introducing a facility for members to contribute to our Society-supported charities by participating in a monthly Smart Money People survey draw, where the winner selects a charity to receive a £100 donation.
- Selecting and supporting Mind as our charity of the year, and through various fund-raising initiatives and the AGM voting process, we raised over £6,000. (We also raised over £190 for Rennie Grove).
- Our Non-Executive Director, Lesley Beecher, raising over £9,400 for Cancer Research UK walking from Land's End to John o'Groats.
- Our people giving over 363 hours of their time volunteering for great causes such as Open Door, Berkhamsted, Sunnyside Rural Trust, Small Acts of Kindness, Watling View School, Riding for the Disabled, Harpenden Rugby Club and the Rotary Club.
- Providing regular donations to DENS Food Bank in Tring and donating clothes to Open Door's new second-hand clothes "store".
- Befriending individuals in the local community who are experiencing loneliness or feeling socially isolated.

Our People

Our people are fundamental to the success of the Society. This year we have continued to strengthen our people capability to meet the Society's future needs, recognising the importance of attracting, developing, and retaining talented people.

Our continuous professional development programme is designed to help our people maintain a proficient level of knowledge and skill in their roles. This is in addition to the e-learning everyone is required to undertake to keep up to date with regulatory and legislative requirements. We seek to enhance everyone's learning experiences and to develop and improve working practices, building on strengths and developing skills where necessary.

Our remuneration principles are designed to attract and retain colleagues of the required calibre by offering a fair and competitive total reward package, benchmarked within the market. Our compensation comprises four key components of fixed remuneration (base pay), variable pay (annual bonus), retirement benefits (pension) and other benefits. We are committed to paying the greater of the Real Living Wage or the National Living Wage +10% as a minimum rate of base pay.

We partnered with Best Companies again in 2024 to facilitate our annual colleague survey. We are pleased to report that we retained our 1-star accreditation rating (Very Good to Work For) and improved our score compared to the previous year. The results evidenced continued positive progress towards our vision to be a great place to work. We scored particularly well in the areas of my manager, my team and wellbeing.



Environmental, Social and Governance (continued)

The Society is committed to fostering a diverse and inclusive workplace where all colleagues are valued, respected and empowered to reach their full potential. We believe that diversity in all its forms enhances innovation, performance and service to our members and community.

Our team reflects this commitment, with colleagues joining us from a diverse range of backgrounds in terms of nationality, ethnicity, religion and belief, sexual orientation, gender identity, disability, marital status, neurodiversity and socio-economic background. We continue to invest in initiatives that promote equality and inclusivity, ensuring that every team member has the opportunity to thrive in an environment that celebrates differences and encourages collaboration. We strive to create a workplace that is representative of the communities we serve and where every voice is heard and valued. Our active colleague-led WEDI group runs events, ranging from the celebration of Pride week to promoting men's mental health and raising awareness about neurodiversity.

Our culture emphasises collaboration, recognition, and inclusivity, fostering a sense of belonging and shared purpose. Additionally, we prioritise work-life balance by offering flexible and remote working arrangements, allowing colleagues to tailor their work schedules to their personal needs where not detrimental to our members' needs or Society performance. More than a third of our colleagues enjoy part-time or non-standard working arrangements to accommodate life-style choices, caring responsibilities and health conditions. Our varied and innovative working patterns include colleagues working a ten-month year, nine-day fortnight, and two, three, four and five day weeks. Many colleagues work reduced daily hours to fit around family life. We give full and serious consideration to every flexible working request and are proud to have been able to accommodate most.

Our Governance

Our ESG Forum oversees the Society's operations and initiatives regarding environmental, social and governance matters. It reports into the Executive Committee with quarterly updates provided to the Board.

At the Society, we are committed to best practice in corporate governance by:

- Continuing to embed our governance framework to ensure alignment to our corporate goals.
- Ensuring we have the right governance process and procedures in place to protect customers, colleagues, and the Society from potential risks and to meet regulatory requirements.
- Demonstrating how the Society has identified and prioritised ESG risks and focus areas.
- Embedding ESG strategies and associated limits and metrics within the Society's broader governance and risk management framework.

Each year we complete an ESG risk assessment, which looks at the Society's business model, size and geographical location and identifies the areas where climate related risks could impact its operational risk profile. This year's report concluded that ESG-related operational risks remained at a satisfactory level with risks emanating from Social and Governance drivers to be low.

We also carried out a review of our business practices to ensure compliance with all applicable laws and regulations. This entailed describing the legal and regulatory foundations upon which the Society operates, identifying and recording all substantive legal and regulatory requirements, and setting out the roles and responsibilities across the Society for compliance with all such requirements.

Finally we are pleased to announce that we achieved our gender target of at least 33% female representation on the Board with the appointment of our new Chief Executive Officer, Tracie Pearce.

Your Board of Directors (as at 31 December 2024)²



Nigel Boothroyd

Chair

Nigel joined the Society as a non-executive director in March 2019 and was appointed Chair in April 2024. He is Chair of the Nominations Committee and a member of the Remuneration Committee.

Nigel has significant executive-level experience within financial services, having spent c.38 years at HSBC Group. He has carried out a number of senior roles, with experience of corporate and commercial banking; credit risk; operational risk; retail banking and wealth management. Nigel has served on a number of Executive and Risk Committees within the UK, Europe and North America. He was also the National Head of Corporate Banking with HSBC Canada between 2012 and 2015.

Nigel is an experienced non-executive director and, in addition to his role at the Society, is currently a non-executive director at British Arab Commercial Bank plc where he is also the Chair of the Remuneration and Nominations Committees.



Lesley Beecher

Non-Executive Director

Lesley joined the Society as a non-executive director in July 2021 and is Chair of the Remuneration Committee and a member of the Audit and Nominations Committees.

Lesley has worked in financial services for over 25 years. She is a technology specialist and was a retail banking CIO in her previous role. In parallel, for the last 7 years Lesley was a non-executive director for a company offering services to the credit union sector. In addition to her role at the Society, Lesley is also a non-executive director at Gatehouse Bank Plc.

² Since the year-end, Trevor Barratt has joined the Society as a Non-Executive Director and a member of the Risk & Compliance Committee.

Your Board of Directors (continued)



David Green

Non-Executive Director

David joined the Society as a non-executive director in October 2020 and was appointed Senior Independent Director in April 2024 and Vice Chair in June 2024. He also chairs the Society's Audit Committee and is a member of the Risk & Compliance Committee.

He is a chartered accountant with around 40 years' experience in retail financial services and joined from a leading private bank following his retirement as CEO. He also served as an independent non-executive director for 7 years at a challenger bank. In addition to his role at the Society, David is also a trustee of Leonard Cheshire Disability.



Tina Kokkinos

Non-Executive Director

Tina joined the Society as a non-executive director in May 2023 and is a member of the Nominations and Remuneration Committees. Tina is a CIMA qualified accountant and a former Chief Operating Officer (COO)/Senior Business Manager, starting her career in commerce before moving to financial services. Her experience includes various roles at JP Morgan, HSBC, and Coca-Cola and most recently COO of a FX FinTech start-up.

Tina is an experienced non-executive director and, in addition to her role at the Society, she is also a non-executive director at Redwood Bank Limited, British Rowing Limited (National Governing Body), and Onward Group Limited (one of the largest housing associations in the North-West).



Tracie Pearce

Chief Executive Officer

Tracie joined the Society as Chief Executive Officer in May 2024 and is a member of the Board and Chair of the Executive Committee. Tracie has over 29 years' experience in retail banking across three major financial institutions, Nationwide Building Society, HSBC and most recently Santander, where she was the Chief Customer Officer, Homes at Santander UK. At HSBC she started as Head of Mortgages before becoming the Director of Retail Banking for HSBC UK.

Tracie started her career at Portman Building Society before moving to Nationwide Building Society following the merger of the two societies; in her 19 years in the mutual sector, she ran the prime and specialist mortgage portfolios and savings book.

Your Board of Directors (continued)



Mark Williams

Finance Director

Mark joined the Society as Finance Director in November 2023 and is a member of the Board and the Executive Committee. He also chairs the Assets & Liabilities Committee.

Mark is a qualified chartered accountant, with nearly 30 years' experience within Financial Services. After qualifying, he spent many years within Investment Banking working at Standard Bank, Lehman Brothers and Deutsche Bank. More recently Mark has worked at various retail and commercial banks including Lloyds Bank, the Co-operative Bank and Jordan International Bank where Mark was CFO and Acting CEO as well as a Board member. He has extensive experience across Finance, Treasury and Risk roles.



Mark Willis

Non-Executive Director

Mark joined the Society as a non-executive director in April 2019 and is currently chair of the Risk & Compliance Committee and a member of the Audit Committee.

Mark has spent his career in financial services, most recently as Chief Risk Officer at National Counties Building Society which he joined in 2013. Previously, he served in a number of operational and oversight roles in financial risk management at Nationwide Building Society (including Head of Market Risk) and with Nationwide Pension Fund as trustee.

He is a Chartered Accountant and Corporate Treasurer and holds the PMI Award in Pension Trusteeship.

Summary Financial Statement

Summary Directors' Report

This financial statement is a summary of information in the audited annual accounts, the Annual Business Statement and Directors' Report, all of which will be available to members and depositors free of charge on request at every office of Harpenden Building Society from April 2025.

Strategic Business Review

The Chair and Chief Executive have both commented on the Society's performance for 2024 and the steps taken to grow the mortgage book. During 2024, there has been a very healthy net growth in the mortgage book of 17.5% and this despite the impact of 2 reductions in Bank Base Rate (BBR) in the year and a reduction in the Society's Standard Variable Rate on the mortgage book, has resulted in a £5.1m increase in interest receivable for the year. There was also a significant increase in liquid asset income by £1.3m as increasing yields, representing the BBR rises in the first nine months of the year, were implemented. The income growth was offset by interest payable of £5.8m as the savings book grew at a greater amount than the mortgage book. This has resulted in an overall decrease of £0.7m in net interest income year on year.

Administrative expenses, which are made up of staff costs and management expenses have decreased by £0.2m year on year. Management expenses decreased by £0.4m while staff costs increased by £0.2m.

The decrease in management expenses is mainly due to decreased IT, legal & professional services and consultancy costs.

The increase in staff costs is mainly due to staff turnover in the year and increased salaries reflecting the high inflation experienced. The Society in its recruitment of new staff continued to strengthen in key functions of the society including in Human Resources, Treasury and Prudential Risk.

The Society's credit risk profile continues to remain strong and has proved to be resilient to the continuing impact of the 'Cost of Living' crisis throughout the UK. Overall LTV's for the mortgage book remain very low and this results in minimal exposure to losses resulting from any future material reduction in house prices and/or increases in loan defaults. Even with the growth in the mortgage loan book during the year the Society has decreased its provisions by c£0.1m. This is mainly due to the increased house prices in the year.

Despite the above, following further investment in our systems to support growth, we recorded a small decline in net operating profit before tax (before any adjustment for revaluations) has decreased from a profit of £1.2m in 2023 to a profit of £0.9m in 2024.

Total comprehensive income for the year was £0.7m (2023 profit £0.9m). The revaluation for 2024 was a gain of £12k and £50k (2023 £3k and £28k) for investment and operational property, respectively.

The Directors recognise that there are risks and uncertainties associated with the potential adverse effects of geopolitical instability with a continuing war in Ukraine, tensions in the Middle East and with the recent introduction of tariffs by the USA. Any consequent economic downturn, disruption to financial markets or political instability could have an impact on the Society's business model. The impact of an Economic downturn has been stress tested against the Business Plan during the year to ensure that it has appropriate management control processes and sufficient capital and liquidity to withstand such impacts.

Throughout 2024 the Society continued to focus on its core objective, namely, to provide a competitive mortgage range funded predominantly by retail savings, although the Society has received some funds from corporate accounts in the year. The Society continued to increase its share of retail savings through online savings accounts.

As noted above, the mortgage book grew by 17.5% in 2024 to £322.5m, with the overall balance sheet increasing by £84.4m to £423.2m. The Society continued to grow its funding by £84m year on year, an increase of 27.3%. The levels of liquidity increased by £36.1m to assist with the funding of the strong mortgage growth in the year.

An Operational Asset Liability Committee convenes as a minimum fortnightly to discuss pricing and ensure sufficient attention is focused on both new product development and the pricing decisions taken. This includes the assessment of various factors when considering rate changes, one of which is the Bank Base Rate, but other factors include competitive pressure, funding requirements, liquidity position, growth expectations and balancing the competing needs of both mortgage and savings customers.

The Society strives to provide fair interest rates for both mortgage and savings customers, in the context of the reshaping of the funding base. From a savings perspective we consider the rates to be competitive in the marketplace.

Summary Statement

for the year ended 31 December 2024

Results for the year

	2024 £000	2023 £000
Net interest receivable	9,393	10,076
Other income and charges	165	139
Total Net Income	9,558	10,215
Administrative expenses	(8,776)	(8,804)
Fair value gains	12	3
Impairment of loans and advances	106	(166)
Provisions for liabilities	-	(34)
Profit for the year before taxation	900	1,214
Taxation	(264)	(325)
Profit for the year	636	889
Revaluation of investment property	50	28
Movement in related deferred tax	(13)	(7)
Total comprehensive income for the year	673	910

Financial position at end of year

	2024 £000	2023 £000
Assets		
Liquid assets	94,972	58,901
Mortgages	322,757	274,631
Fixed and other assets	5,535	5,284
Total assets	423,264	338,816
Liabilities		
Shares	374,119	305,876
Borrowings	17,772	1,994
Other liabilities	1,272	1,518
Provisions for liabilities	-	34
General reserve	29,033	28,397
Revaluation reserve	1,068	1,031
Total liabilities	423,264	338,816

Approved by the Board of Directors on 18 March 2025 and signed on its behalf by:

Nigel Boothroyd

Chair

Tracie Pearce

Chief Executive

Mark Williams

Finance Director

Summary Statement (continued)

for the year ended 31 December 2024

	2024	2023
Gross capital as a percentage of shares and borrowings	7.66%	9.56%
Liquid assets as a percentage of shares and borrowings	24.23%	19.13%
Profit for the financial year as a percentage of mean total assets	0.17%	0.27%
Management expenses as a percentage of mean total assets	2.30%	2.73%

Notes to the Key Financial Ratios

Gross capital comprises general reserve and revaluation reserve. The gross capital ratio gives an indication of the extent to which the Society is funded by retained profits and other reserves compared with money invested by shareholders and depositors. Such capital provides a financial cushion against any losses that might arise in the Society's business and therefore protects investors.

The liquid assets ratio measures the proportion that the Society's assets held in the form of cash, or short-term deposits readily convertible into cash, bears to the Society's liability due to investors. Such liquidity enables the Society to meet requests by investors for withdrawals, to make new mortgage loans and to fund its general business activities.

Mean total assets are calculated as the average total assets at the beginning and end of the financial year.

Profit for the year as a percentage of mean total assets measures the proportion that the Society's profit after taxation bears to the average of total assets during the year. The Society has to make a reasonable level of profit each year in order to maintain a strong gross capital ratio thereby providing protection for investors' funds.

The management expenses ratio measures the proportion that the Society's administrative expenses bear to the average of the Society's total assets during the year.

Independent Auditor's statement to the Members and Depositors of Harpenden Building Society

We have examined the Summary Financial Statement of Harpenden Building Society (the "Society") set out on pages 14 to 16.

Respective responsibilities of directors and auditor

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

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

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

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

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

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

Opinion

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

Use of the statement

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

Forvis Mazars LLP

Chartered Accountants and Statutory Auditor
30 Old Bailey
London
EC4M 7AU
18 March 2025

Directors' Remuneration Report

The purpose of this report is to explain how the Society complies with the principles relating to remuneration in the UK Corporate Governance Code 2018. The Society has adopted a Remuneration Policy, which describes how the Society complies with the FCA's Remuneration Code.

The Level and Components of Remuneration

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

Board comment:

The Remuneration Committee is responsible for reviewing the Remuneration Policy and Remuneration Framework and ensuring that they align with the Society's overall strategy and long-term objectives with appropriate consideration of customer outcomes, culture, risk appetite and diversity and inclusion. In determining the Remuneration Policy and corresponding remuneration practices, the Remuneration Committee is mindful of the need for clarity, simplicity, risk management, predictability, proportionality, and alignment to culture. It recommends the Remuneration Policy to the Board having regard to all applicable legal and regulatory requirements.

In determining Executive Director and Executive Team remuneration, it first reviews all workforce remuneration and the alignment of incentives and rewards with the Society's culture, risk appetite and strategy. The Remuneration Committee has delegated responsibility to determine the policy for Executive Director remuneration and setting remuneration for the Executive Directors and the Executive Team.

The Remuneration Policy outlines the overall approach and principles the Society adopts towards managing remuneration for all employees and non-executive directors. The Society has a simple approach to compensation which reinforces its strategy and values by rewarding the right behaviours and outcomes for members and the Society, focussing on long-term sustainable growth, and discouraging unnecessary risk taking in line with the Remuneration Code. The policy is made available to all employees.

The Remuneration Policy contains a set of principles designed to guide decision making when considering the total reward for all colleagues across the Society, namely to:

1. Attract and retain colleagues of the required calibre by offering a fair and competitive total reward benchmarked within the market.
2. Focus on total reward; recognise that reward is more than just pay, enabling employees to make the choices that work for them at different stages in their life.
3. Keep reward simple and fair with consistent approaches to total reward.
4. Reward colleagues based on Society performance and how they behave and deliver; both as part of the team and as an individual.

Every colleague's compensation package comprises four key components: fixed remuneration (base pay), variable remuneration (annual bonus), retirement benefits (pension) and benefits.

In 2024, colleagues (including the Chief Executive and members of the Executive Team) received an average pay increase of 4.31%.

Directors' Remuneration Report (continued)

Executive Director Emoluments

The total remuneration of Executive Directors reflects their responsibilities and roles within the Society and covers the four components identified below. The Remuneration Committee reviews each Executive Director's remuneration package annually and approves that of any new Executive Director prior to appointment.

- a. Fixed Remuneration - Base Pay.** This takes into account role and experience, comparison to the local external market and benchmark data. It reflects the need to attract and retain the required calibre of Executive Director by offering a fair and competitive reward.
- b. Variable Remuneration – Annual Bonus.** The discretionary performance-related bonus scheme has a direct link to the success of the Society, motivating delivery of core business metrics in line with the Society values. It is linked to both individual performance and the achievement of Society corporate targets, namely customer experience, profitability, mortgage book growth, risk management and employee engagement. The bonus metrics are reviewed by the Remuneration Committee annually to ensure the measures are appropriate. The bonus payment is not pensionable, and the scheme is designed to deliver an on-target bonus of 15% of basic salary with a maximum award of 30% of basic salary for leading performance which achieves stretch targets. Payments may be reduced or withdrawn if the Board considers there is an item or event of material importance or relevance to have a significant influence on the regulatory status, financial performance, or financial statements of the Society. The Society does not operate a long-term incentive scheme. The 2024 discretionary performance-related bonus scheme paid 18.75% to Tracie Pearce and 18.75% to Mark Williams.
- c. Retirement Benefits – Pension.** The pension is in line with the Society's business strategy, objectives, values and long-term interests. The Executive Directors have defined contribution pension plans, to which the Society and employee both contribute. The pension contribution to Executive Directors aligns with that of the workforce and is set at 10% of basic salary.
- d. Employee Benefits.** The Executive Directors are entitled to a car allowance, private medical insurance ('self' and partner/family), group income protection and life assurance.
- e. Contractual Terms.** The Executive Directors are employed under a service contract terminable by the Society or by the individual on six months' notice.

Non-Executive Director Emoluments

The Remuneration Committee reviews Non-Executive Director fees annually based on comparable data from similar financial service organisations and specialist recruitment consultants. Remuneration comprises a basic fee with a supplementary payment for the Chairman, Vice Chair and Committee Chairs to reflect the time commitment and responsibilities of each role. Non-Executive Directors do not qualify for a pension or a bonus. Historical service agreements have a provision for life assurance at the rate of three times annual fees. Non-Executive Directors are also reimbursed for reasonable and proper expenses incurred in the performance of their role.

In 2024, there was an increase in Non-Executive Directors' fees of 4% in line with the Society wide pay increase. The increase was based on the continued need to attract Non-Executive Directors and to keep pace with the Society's aspirational peer group.

Lesley Beecher

Chair of Remuneration Committee
18 March 2025

HARPENDEN
BUILDING SOCIETY

**We hope you
have enjoyed
the journey,
please share
your feedback.**

www.harpendenbs.co.uk



Mardall House, 9-11 Vaughan Road, Harpenden, Hertfordshire, AL5 4HU
T 01582 765411 F 01582 462673 E enquiries@harpendenbs.co.uk
Supporting our local communities to create a better future