

Preliminary Results

Year ended
31 March 2025

CEO's review

Navigating the changing economic landscape

Most of the year has continued to benefit from a more moderate economic backdrop than in previous years, with inflation easing and interest rates falling. However, the fragility of the economy was highlighted by the impact of wider global issues that we've recently witnessed.

Throughout the West Brom's 176-year history, we've remained aware of our role in supporting customers in navigating such changing conditions. That's why we're proud to have continued to offer so many a route into buying their first home, whilst delivering great value to those who've entrusted their savings with us and funded those homeownership aspirations.

We've seen the government commit to a strong housing agenda, with the headline being a national target to build 1.5 million homes over the next five years, and an additional investment of £2bn into social and affordable housing. Whilst the detail of how this will be delivered has yet to emerge fully, it's a welcome intent and will, if delivered, help alleviate some of the supply side of the housing challenge. Yet for many, affordability remains a barrier to buying a home, and it's here that our Purpose has most impact, through supporting potential homeowners to overcome this hurdle.

Honouring a 250-year legacy

This year also marks 250 years since the first building society was founded at the Golden Cross Inn in Birmingham, during the early years of the industrial revolution. It serves as a reminder not only of the strength of our heritage, but of the enduring value of mutuality. At West Brom Building Society we're continuing that legacy, our focus remains firmly on supporting customers, and we've seen that commitment reflected in our results.

Delivering a strong performance

We achieved record lending of £1.3bn for homeownership this year, resulting in a 38% increase in net lending for homeownership to £757m, which was supported by a £401m increase in customers' savings balances. This has helped deliver a profit before tax of £36.5m, an increase of 14% from the previous year, providing the ongoing capital strength that supports the delivery of our Purpose and the underpinning investment that keeps us as relevant today as we have been through 176 years of change.

We helped 6,267 first-time buyers purchase their own home, that's 34% more than last year. Through our shared ownership proposition, we attracted 2,654 customers, who whilst not ready to buy their home outright, have bought a share of their home. This approach to buying a first home has become a welcome option for many, as shown by our lending via this route increasing by 29% year on year. We continue to provide a wider range of options for first-time buyers, such as the recently introduced low-deposit new build mortgage.



New residential mortgage lending

£1.3bn



Increased customers' savings balances

£401m



Profit before tax

£36.5m

Putting customers first

Our determination to offer this focus on homeownership and provide an excellent service to customers and our mortgage broker relationships hasn't gone unnoticed. We were delighted to receive a Moneyfacts award recognising our support for first-time buyers for a second year running. We also received a Gold Trusted Service Award from Feefo which, along with a customer rating of 4.7 out of 5, shows we set high standards for ourselves. We were also recognised by the Good Business Charter for dedication to customer commitment.

We continued to deliver great value for savers. With our savings rates on average, 0.86% above the market average¹, customers received £41.8m more in interest than they would have on average rates elsewhere. That's a real and meaningful difference at a time when every pound matters. This year over 13,500 new savers joined our Society, a 34% increase on last year.

Strengthening communities

We remain committed to our branches across the region and the crucial role they play in supporting our customers and their local communities.

We continued working in our communities to have a positive impact contributing nearly £50,000 through fundraising, grants and donations across 80 local charities and communities. With over 1,800 hours volunteered on various community projects, we also delivered financial education sessions to over 2,000 children and young adults. Our partnership with Birmingham based charity Jericho is helping support employment opportunities, and we look forward to continuing to work with them throughout this year.

To support our colleagues, we gained the Living Wage Foundation's triple accreditation, with the Living Pension accreditation being the third standard we added to our offering as an employer. This means colleagues benefit from the Real Living Wage, Living Pension and Living Hours standards, which made us the first building society in the country, and the first employer in the West Midlands, to gain all three standards.

Moving forward

Looking ahead we'll face continued challenges, from competitive pressures in the mortgage market, to uncertainty around potentially damaging ISA reforms, and the wider economic environment which may be impacted by the recent world trade situation. In addition, we also face cost challenges, not least the significant cost of the recent changes to employer's national insurance rates. While these may affect some aspects of our performance going forward, we remain determined to deliver on the needs of our customers.

Our strategy will remain focused on delivering on our Purpose, which is to support the financial wellbeing of our customers by providing a safe and good return on the savings they entrust with us, and promote homeownership.

I want to thank all our colleagues, in every part of the business, as well as our Member and Employee Councils, for their hard work and dedication and, especially our members for their continued support.

Jonathan Westhoff
Chief Executive Officer
28 May 2025

¹ Average market rates sourced from Bank of England Bankstats table A6.1 March 2025.



Income Statement

for the year ended 31 March 2025

	Group 2025	Group 2024
	£m	£m
Interest receivable and similar income		
Calculated using the effective interest method	279.9	229.4
On instruments measured at fair value through profit or loss	36.5	57.6
Total interest receivable and similar income	316.4	287.0
Interest expense and similar charges	(220.2)	(183.4)
Net interest receivable	96.2	103.6
Fees and commissions receivable	0.7	1.1
Other operating income	4.2	4.6
Fair value gain/(loss) on financial instruments	4.4	(0.4)
Total income	105.5	108.9
Administrative expenses	(57.6)	(54.0)
Depreciation and amortisation	(7.0)	(5.5)
Operating profit before revaluation gains, impairment, provisions and cost on debt buyback	40.9	49.4
Gains on investment properties	2.4	2.5
Impairment on loans and advances	(6.9)	(14.7)
Cost on debt buyback	-	(5.1)
Provisions for liabilities	0.1	-
Profit before tax	36.5	32.1
Taxation	(6.9)	(7.7)
Profit for the financial year	29.6	24.4

Statement of Comprehensive Income

for the year ended 31 March 2025

	Group 2025	Group 2024
	£m	£m
Profit for the financial year	29.6	24.4
Other comprehensive (expense)/income		
Items that may subsequently be reclassified to profit or loss		
Fair value through other comprehensive income investments		
Valuation (losses)/gains taken to equity	(0.6)	1.3
Taxation	0.2	(0.3)
Items that will not subsequently be reclassified to profit or loss		
Actuarial losses on defined benefit assets	(4.5)	(7.2)
Taxation	1.1	1.7
Other comprehensive expense for the financial year, net of tax	(3.8)	(4.5)
Total comprehensive income for the financial year	25.8	19.9

Statement of Financial Position

at 31 March 2025

	Group 2025 £m	Group 2024 £m
Assets		
Cash and balances with the Bank of England	159.8	491.6
Loans and advances to credit institutions	88.8	46.3
Investment securities	467.6	391.5
Derivative financial instruments	44.9	61.8
Loans and advances to customers	5,398.1	4,785.1
Deferred tax assets	12.9	19.0
Trade and other receivables	4.3	3.9
Intangible assets	20.7	13.9
Investment properties	143.2	148.7
Property, plant and equipment	20.3	21.8
Retirement benefit asset	1.2	6.1
Total assets	6,361.8	5,989.7
Liabilities		
Shares	5,071.6	4,670.6
Amounts due to credit institutions	459.1	788.2
Amounts due to other customers	29.1	37.0
Derivative financial instruments	16.8	12.8
Debt securities in issue	289.8	-
Current tax liabilities	-	2.0
Deferred tax liabilities	12.9	14.2
Trade and other payables	18.8	17.6
Provisions for liabilities	0.4	0.5
Subordinated liabilities	2.1	2.1
Total liabilities	5,900.6	5,545.0
Members' interests and equity		
Core capital deferred shares	127.0	127.0
Subscribed capital	3.9	7.8
General reserves	326.5	305.7
Revaluation reserve	3.2	3.2
Fair value reserve	0.6	1.0
Total members' interests and equity	461.2	444.7
Total members' interests, equity and liabilities	6,361.8	5,989.7

Statement of Changes in Members' Interests and Equity

for the year ended 31 March 2025

	Core capital deferred shares	Subscribed capital	General reserves	Revaluation reserve	Fair value reserve	Total
	£m	£m	£m	£m	£m	£m
Group						
At 1 April 2024	127.0	7.8	305.7	3.2	1.0	444.7
Profit for the financial year	-	-	29.6	-	-	29.6
Other comprehensive expense for the year (net of tax)						
Retirement benefit assets	-	-	(3.4)	-	-	(3.4)
Fair value through other comprehensive income investments	-	-	-	-	(0.4)	(0.4)
Total other comprehensive expense	-	-	(3.4)	-	(0.4)	(3.8)
Total comprehensive income for the year	-	-	26.2	-	(0.4)	25.8
Distribution to the holders of core capital deferred shares	-	-	(5.8)	-	-	(5.8)
Buyback and cancellation of subscribed capital	-	(3.9)	0.4	-	-	(3.5)
At 31 March 2025	127.0	3.9	326.5	3.2	0.6	461.2

for the year ended 31 March 2024

	Core capital deferred shares	Subscribed capital	General reserves	Revaluation reserve	Fair value reserve	Total
	£m	£m	£m	£m	£m	£m
Group						
At 1 April 2023	127.0	7.8	292.4	3.3	-	430.5
Profit for the financial year	-	-	24.4	-	-	24.4
Other comprehensive (expense)/income for the year (net of tax)						
Retirement benefit assets	-	-	(5.5)	-	-	(5.5)
Realisation of previous revaluation gains	-	-	0.1	(0.1)	-	-
Fair value through other comprehensive income investments	-	-	-	-	1.0	1.0
Total other comprehensive expense	-	-	(5.4)	(0.1)	1.0	(4.5)
Total comprehensive income for the year	-	-	19.0	(0.1)	1.0	19.9
Distribution to the holders of core capital deferred shares	-	-	(5.7)	-	-	(5.7)
At 31 March 2024	127.0	7.8	305.7	3.2	1.0	444.7

Statement of Cash Flows

for the year ended 31 March 2025

	Group 2025	Group 2024
	£m	£m
Net cash outflow from operating activities (below)	(491.7)	(13.8)
Cash flows from investing activities		
Purchase of investment securities	(333.6)	(333.0)
Proceeds from disposal of investment securities	256.8	258.4
Proceeds from disposal of investment properties	8.5	7.4
Purchase of property, plant and equipment, intangible assets and investment properties	(6.3)	(9.7)
Net cash outflow from investing activities	(74.6)	(76.9)
Cash flows from financing activities		
Repurchase of subordinated liabilities	-	(20.4)
Net issuance of debt securities	286.9	-
Interest paid on subordinated liabilities	(0.2)	(1.8)
Payment of lease liabilities	(0.5)	(0.4)
Distribution to the holders of core capital deferred shares	(5.8)	(5.8)
Repurchase of subscribed capital	(3.4)	-
Net cash inflow/(outflow) from financing activities	227.0	(28.4)
Net decrease in cash	(289.3)	(119.1)
Cash and cash equivalents at beginning of year	537.9	657.0
Cash and cash equivalents at end of year	248.6	537.9

For the purposes of the statements of cash flows, cash and cash equivalents comprise the following balances with less than 90 days original maturity:

	Group 2025	Group 2024
	£m	£m
Analysis of cash and cash equivalents		
Cash in hand (including Bank of England Reserve account)	159.8	491.6
Loans and advances to credit institutions	88.8	46.3
	248.6	537.9

The Group's loans and advances to credit institutions include £28.3m (2023/24: £nil) of balances belonging to the Society's structured entities which are not available for general use by the Society.

	Group 2025	Group 2024
	£m	£m
Cash flows from operating activities		
Profit before tax	36.5	32.1
Adjustments for non-cash items included in profit before tax		
Impairment on loans and advances	6.9	14.7
Depreciation and amortisation	7.0	5.5
Disposal of property, plant and equipment and investment properties	0.4	0.1
Revaluations of investment properties	(2.4)	(2.5)
Interest on subordinated liabilities	0.2	0.8
Fair value losses/(gains) on equity release portfolio	0.1	(0.2)
Interest paid on lease liabilities	0.1	-
Changes in fair value on hedged items in fair value hedge relationships	(20.0)	(36.7)
	28.8	13.8
Changes in operating assets and liabilities		
Loans and advances to customers	(599.9)	(391.9)
Loans and advances to credit institutions	-	14.0
Derivative financial instruments	20.9	44.8
Shares	401.0	364.3
Deposits and other borrowings	(334.1)	(64.1)
Trade and other receivables	(0.4)	6.8
Trade and other payables	(5.5)	0.9
Retirement benefit obligations	0.4	(2.4)
Tax paid	(2.9)	-
Net cash outflow from operating activities	(491.7)	(13.8)

Ratios

At 31 March

	Group 2025	Statutory limit
	%	%
Proportion of business assets not in the form of loans secured on residential property	5.0	25.0
Proportion of shares and borrowings not in the form of shares held by individuals	8.8	50.0

	Group 2025	Group 2024
	%	%
As a percentage of shares and borrowings:		
Gross capital	7.92	8.13
Free capital	4.77	4.77
Liquid assets	12.24	16.91
As a percentage of mean total assets:		
Profit for the financial year	0.48	0.42
Net interest margin	1.56	1.77
Management expenses	1.05	1.02

	Group 2025	Group 2024
	%	%
Common Equity Tier 1 capital ratio	17.1	17.8

Forward-looking statements

This document contains certain forward-looking statements with respect to certain of the West Brom's strategy, plans, current goals and expectations relating to the future financial position, business performance and results. Although the West Brom believes that the expectations reflected in these forward-looking statements are reasonable, we can give no assurance that these expectations will prove to be an accurate reflection of future performance. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances that are beyond the control of the West Brom including, amongst other things, UK domestic and global economic business conditions; market-related risks such as fluctuation in interest rates and exchange rates; inflation/deflation; the impact of competition; changes in customer preferences; risks concerning borrower credit quality; delays in implementing proposals; the timing, impact and other uncertainties of future acquisitions or other combinations within relevant industries; the policies and actions of regulatory authorities; the impact of tax or other legislation and other regulations in the jurisdictions in which the West Brom operates. As a result, the West Brom's actual future financial condition, business performance and results may differ materially from the plans, goals and expectations expressed or implied in these forward-looking statements. Due to such risks and uncertainties the West Brom cautions readers not to place undue reliance on such forward-looking statements. We undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

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Head Office: 2 Providence Place, West Bromwich B70 8AF
www.westbrom.co.uk

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

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