



ANNIVERSARY
— 1849 - 2024 —

Preliminary Results

Year ended 31 March 2024

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 and that actual results could differ materially from those contained in the forward-looking statements.

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.

Any forward-looking statements made in this document speak only as of the date they are made except as required by the Financial Conduct Authority, Prudential Regulation Authority or applicable law. The West Brom expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which such statement is based. However, the reader should consult any additional disclosures that the West Brom has made or may make in documents it has published or may publish via the Regulatory News Service of the London Stock Exchange.

Chief Executive Officer's review



The strong performance of 2023/24 was delivered despite the economic challenges and geo-political uncertainty. A combination of rising interest rates and high inflation has meant that cost of living pressures remain elevated, and the challenges facing prospective home buyers continue to be well-documented, although towards the end of the period, interest rates edged above inflation, offering the chance to achieve returns for savers that increased the true value of their savings.

It is in this environment that our focus has been to balance the value we can deliver as a purpose-led customer owned building society to both sets of members; our savers and our borrowers. Of course, the most tangible form of value we can provide is through the rates we offer, but in addition to this we're incredibly proud of the quality of service and support we have delivered for our members.



This year has seen us hit a significant milestone, exceeding the £1 billion level for new residential mortgage lending across the financial year, an increase of 54% year on year compared with a market fall of circa 27% over the same period. This means that since April 2023 we've helped another 7,161 (2022/23: 4,901) customers with their home ownership ambition, a 46% increase from the previous financial year. For our savings customers, who provide the funding that enables us to help so many have the security of home ownership, we continue to provide value by delivering average interest rates 36% above the market average – a measurable member benefit of £38.6m.

It is during times of instability that the true value of a purpose-led organisation can shine through, and whilst we now embark on significant plans to develop the Society for the future, our Purpose upon which we were founded 175 years ago still, and always will, remains at our core.

Our purpose-led activities

As our Society grows, so do the ways in which we support our members. We're proud to be leading the charge on a number of tangible benefits for our borrowers, including initiatives such as our market-first approach to Differentiated Standard Variable Rate (DSVR) and not charging arrears fees for anyone struggling to meet their monthly mortgage payments. In the true spirit of mutuality, where members become financially vulnerable, our focus is on providing support rather than burdening them with additional charges.

We were delighted to achieve our ambition of being a £1bn lender this year, but what makes this even more impactful is knowing that 4,684 (2022/23: 3,413) of purchase mortgages were for first-time buyers, with 38% (2022/23: 33%) of these first-time buyers using shared ownership, a vital route for those that cannot yet afford a traditional route out of rental and into ownership. These figures demonstrate our ongoing commitment to helping people own their own home and change the difficult landscape that so many people can face on their journey to home ownership.



Enabling these members to become homeowners is a direct result of the savings deposited with us by our savers. This year we welcomed 10,250 new savers to the Society, attracting

£570m in new savings, up 30% on last year, through a highly competitive range of notice products, with ISA options to help our customers maximise their tax-free savings.

Our commitment to doing the right thing, not just the easy thing, has always been important to us, but this year saw us achieve recognition for this on a national scale when we took home two accolades at the annual Moneyfacts Consumer Awards – First Time Mortgage Buyers’ Choice and the prestigious Best Customer Service award. These awards mean a great deal to us as they are voted for by customers, reflecting their true experiences of household and personal finance providers, and it was fantastic for our colleagues to receive this level of recognition for the hard work they put in, day in day out.

This year also saw the introduction of the Consumer Duty regulation, as well as the launch of the Government’s Mortgage Charter, of which we are a signatory. Whilst both raise the bar for governance across the industry, which we welcomed as a Society, we will always strive to go above and beyond standard practices to ensure our members receive the products and services they deserve.

The autumn of 2023 saw us embark on a major strategic review which will look to enhance and strengthen the Society for the future by intensifying our purpose-led approach in an increasingly digital world. We have already made investments across both our people and our technology as we begin to shape what the next era of the West Brom will look like, reaching customers who increasingly prefer digital channels, whilst continuing to be there for our members across our long-standing channels, in branch and by telephone.

Whilst this digital transformation will be a key development for us over the coming months and years, our branches remain at the heart of the Society. In 2023 we made a further investment into our branches through the installation of digital screens and signage, allowing us to not only showcase a wider variety of our products and services to customers, but also update crucial information, such as rate changes, far more quickly.

Building on our financial strength

Once again, the Society has demonstrated a strong financial performance, continuing to build its strength and resilience, underpinning our ability to pursue our commitment to support our current and future members.

The statutory profit before tax for the year, £32.1m (2022/23: £31.8m), is a strong performance. If we exclude one off items (in the current year the cost of Tier 2 debt buyback and in the prior year the benefit from recovery of previously written off costs), our underlying profit increased from £26.2m to £37.2m, an increase of 42%. This was driven by an improvement in net interest receivable in the year which rose to £103.6m (2022/23: £83.2m), despite more than doubling the interest paid to savers to £142.5m.

Our continued profitability and management of risk contributes to our overall financial resilience. Our Common Equity Tier 1 (CET 1) capital ratio, a key measure of capital, remained strong at 17.8% (2022/23: 18.7%). This capital position provides the capacity to support investment in future capabilities and help more people into home ownership.

Supporting our colleagues and communities

We’re committed to providing our colleagues with a rewarding and enjoyable place to work, fostering a culture where every person can see and feel the difference they are making to the Society and to our members.

We know that the uncertainties faced by our members will also be a reality for some of our colleagues, which is why we have a number of support networks in place to help anyone who may be struggling, such as our Financial Hardship Fund and access to health and wellbeing advice through our Employee Assistance Programme.

We were thrilled to achieve the ‘Beyond the Living Wage’ award this year, in recognition of the high standard of our employment practices and our commitment to going above and beyond the Living Wage accreditation, and we will aim to continue to set an example for other businesses both in our sector and beyond.

Alongside supporting our colleagues with their financial wellbeing, we’re also committed to ensuring that every colleague feels confident being their true self at work. Through our dedicated equity, diversity and inclusion (ED&I) network, Connect, we aim to recognise, celebrate and learn from colleagues of all backgrounds. This year we have focussed on ensuring we celebrate, acknowledge and raise awareness of multiple religions, cultures and special events. We’ve also established a number of focus groups/networks for colleagues to join including the LGBTQ+ and Black Colleagues networks. Both groups enable us to bring an independent listening ear and create a comfortable environment for our colleagues to speak freely and share vital information to help drive change and create better outcomes for our colleagues and members.

We continue to work closely with a number of charities and good causes, on both a national and local scale, and we are immensely proud to hit the milestone of raising over £1m for the Birmingham Children’s Hospital through our dedicated Red Balloon Appeal Account, which has been open to members for the last 16 years.



£1 million

RAISED FOR BIRMINGHAM
CHILDREN'S HOSPITAL

We also continued to support our corporate charity partner, Barnardo's, turning all of our branches into donation points for pre-loved clothing for one week in November as part of the global Giving Tuesday campaign, as well as raising over £9,500 for the charity throughout the year through events and volunteering.

For the past decade we have provided financial education sessions for local children, and last year colleagues from across our branch network held workshops for over 1,800 children across 28 local schools. We believe that every child should have the same opportunity to learn about money and we have therefore introduced tailored sessions to support college students and children with special educational needs. The expansion of the programme now means that we have achieved our ambition of being able to offer financial education to any child within an education setting, and we look forward to growing the initiative even further over the next year.

The ongoing work that we do to support both colleagues and communities is something we have always been incredibly proud of at the West Brom. Therefore, to acknowledge this, last year

we published our first Impact Report, 'Building a Fairer Future', which goes into further detail on the above examples, as well as the many other ways in which we have positively impacted our members, communities, colleagues and the environment.

Outlook

The last few years has seen us navigate a sea of change across the wider industry and indeed, the economy, and we know this is unlikely to change as we head into our next financial year. However, our strong capital position and financial resilience will continue to support us through any uncertainties and as always, we remain guided by our Purpose to help more people own their own home and save for the future.

We now have a particularly momentous year ahead of us, as we celebrate 175 years of the Society. It therefore feels fitting that, whilst we look back at our rich history, we also look ahead at how we can reshape our strategy to meet the evolving needs of our members. Over the coming year, and beyond, we'll bring to life the next generation of the West Brom for both our colleagues and our members, enhancing the Society for the future whilst staying true to our Purpose which underpins all that we do.

In closing I add my thanks to our members for their loyalty and my colleagues for their dedication. The Society's significant progress is founded on that loyalty and dedication.

Jonathan Westhoff

Chief Executive Officer

30 May 2024



Income Statement

for the year ended 31 March 2024

	Group 2024	Group 2023
	£m	£m
Interest receivable and similar income		
Calculated using the effective interest method	229.4	145.9
On instruments measured at fair value through profit or loss	57.6	28.3
Total interest receivable and similar income	287.0	174.2
Interest expense and similar charges	(183.4)	(91.0)
Net interest receivable	103.6	83.2
Fees and commissions receivable	1.1	1.4
Other operating income	4.6	4.4
Fair value (loss)/gain on financial instruments	(0.4)	6.6
Total income	108.9	95.6
Administrative expenses	(54.0)	(39.9)
Depreciation and amortisation	(5.5)	(5.8)
Operating profit before revaluation gains, impairment, provisions and cost on debt buyback	49.4	49.9
Gains on investment properties	2.5	6.0
Impairment on loans and advances	(14.7)	(24.1)
Cost on debt buyback	(5.1)	-
Profit before tax	32.1	31.8
Taxation	(7.7)	(5.6)
Profit for the financial year	24.4	26.2

Statement of Comprehensive Income

for the year ended 31 March 2024

	Group 2024	Group 2023
	£m	£m
Profit for the financial year	24.4	26.2
Other comprehensive income/(expense)		
Items that may subsequently be reclassified to profit or loss		
Fair value through other comprehensive income investments		
Valuation gains/(losses) taken to equity	1.3	(0.3)
Taxation	(0.3)	0.1
Items that will not subsequently be reclassified to profit or loss		
Gains on revaluation of land and buildings	-	0.6
Actuarial losses on defined benefit assets	(7.2)	(10.8)
Taxation	1.7	2.2
Other comprehensive expense for the financial year, net of tax	(4.5)	(8.2)
Total comprehensive income for the financial year	19.9	18.0

Statement of Financial Position

at 31 March 2024

	Group 2024	Group 2023
	£m	£m
Assets		
Cash and balances with the Bank of England	491.6	598.2
Loans and advances to credit institutions	46.3	72.8
Investment securities	391.5	315.6
Derivative financial instruments	61.8	100.5
Loans and advances to customers	4,785.1	4,370.3
Deferred tax assets	19.0	25.0
Trade and other receivables	3.9	10.7
Intangible assets	13.9	9.9
Investment properties	148.7	152.7
Property, plant and equipment	21.8	22.7
Retirement benefit asset	6.1	10.9
Total assets	5,989.7	5,689.3
Liabilities		
Shares	4,670.6	4,306.3
Amounts due to credit institutions	788.2	826.2
Amounts due to other customers	37.0	63.1
Derivative financial instruments	12.8	6.7
Current tax liabilities	2.0	0.6
Deferred tax liabilities	14.2	15.4
Trade and other payables	17.6	17.1
Provisions for liabilities	0.5	0.5
Subordinated liabilities	2.1	22.9
Total liabilities	5,545.0	5,258.8
Members' interests and equity		
Core capital deferred shares	127.0	127.0
Subscribed capital	7.8	7.8
General reserves	305.7	292.4
Revaluation reserve	3.2	3.3
Fair value reserve	1.0	-
Total members' interests and equity	444.7	430.5
Total members' interests, equity and liabilities	5,989.7	5,689.3

Statement of Changes in Members' Interests and Equity

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

for the year ended 31 March 2023

	Core capital deferred shares	Subscribed capital	General reserves	Revaluation reserve	Fair value reserve	Total
	£m	£m	£m	£m	£m	£m
Group						
At 1 April 2022	127.0	7.8	279.1	3.1	0.3	417.3
Profit for the financial year	-	-	26.2	-	-	26.2
Other comprehensive income for the year (net of tax)						
Retirement benefit assets	-	-	(8.5)	-	-	(8.5)
Gains on revaluation of lands and buildings	-	-	-	0.6	-	0.6
Realisation of previous revaluation gains	-	-	0.4	(0.4)	-	-
Fair value through other comprehensive income investments	-	-	-	-	(0.3)	(0.3)
Total other comprehensive expense	-	-	(8.1)	0.2	(0.3)	(8.2)
Total comprehensive income for the year	-	-	18.1	0.2	(3.0)	18.0
Distribution to the holders of core capital deferred shares	-	-	(4.8)	-	-	(4.8)
At 31 March 2023	127.0	7.8	292.4	3.3	-	430.5

Statement of Cash Flows

for the year ended 31 March 2024

	Group 2024	Group 2023
	£m	£m
Net cash (outflow)/inflow from operating activities (below)	(13.8)	161.3
Cash flows from investing activities		
Purchase of investment securities	(333.0)	(240.5)
Proceeds from disposal of investment securities	258.4	211.4
Proceeds from disposal of investment properties	7.4	2.1
Purchase of property, plant and equipment, intangible assets and investment properties	(9.7)	(7.8)
Net cash outflow from investing activities	(76.9)	(34.8)
Cash flows from financing activities		
Repurchase of subordinated liabilities	(20.4)	-
Repayment of debt securities	-	(172.0)
Interest paid on subordinated liabilities	(1.8)	(2.5)
Payment of lease liabilities	(0.4)	(0.3)
Distribution to the holders of core capital deferred shares	(5.8)	(4.8)
Net cash outflow from financing activities	(28.4)	(179.6)
Net decrease in cash	(119.1)	(53.1)
Cash and cash equivalents at beginning of year	657.0	710.1
Cash and cash equivalents at end of year	537.9	657.0

	Group 2024	Group 2023
	£m	£m
Analysis of cash and cash equivalents		
Cash in hand (including Bank of England Reserve account)	491.6	584.2
Loans and advances to credit institutions	46.3	72.8
	537.9	657.0

Statement of Cash Flows (continued)

for the year ended 31 March 2024

	Group 2024	Group 2023
	£m	£m
Cash flows from operating activities		
Profit before tax	32.1	31.8
Adjustments for non-cash items included in profit before tax		
Impairment on loans and advances	14.7	24.1
Depreciation, amortisation and impairment	5.5	7.7
Disposal of property, plant and equipment and investment properties	0.1	-
Revaluations of investment properties	(2.5)	(6.0)
Interest on subordinated liabilities	0.8	2.5
Fair value (gains)/losses on equity release portfolio	(0.2)	0.5
Changes in fair value on hedged items in fair value hedge relationships	(36.7)	40.0
	13.8	100.6
Changes in operating assets and liabilities		
Loans and advances to customers	(391.9)	343.3
Loans and advances to credit institutions	14.0	1.1
Derivative financial instruments	44.8	(52.9)
Shares	364.3	122.7
Deposits and other borrowings	(64.1)	(341.2)
Trade and other receivables	6.8	(8.5)
Trade and other payables	0.9	3.2
Retirement benefit obligations	(2.4)	(6.8)
Tax paid	-	(0.2)
Net cash (outflow)/inflow from operating activities	(13.8)	161.3

Ratios

Current period

	Group 2024	Statutory limit
	%	%
Proportion of business assets not in the form of loans secured on residential property	6.3	25.0
Proportion of shares and borrowings not in the form of shares held by individuals	15.0	50.0

	Group 2024	Group 2023
	%	%
As a percentage of shares and borrowings:		
Gross capital	8.13	8.73
Free capital	4.77	5.16
Liquid assets	16.91	18.99
As a percentage of mean total assets:		
Profit for the financial year	0.42	0.45
Net interest margin	1.77	1.42
Management expenses	1.02	0.78

	Group 2024	Group 2023
	%	%
Common Equity Tier 1 capital ratio	17.8	18.7
Common Equity Tier 1 capital ratio before IFRS 9 transitional relief	17.8	18.3



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