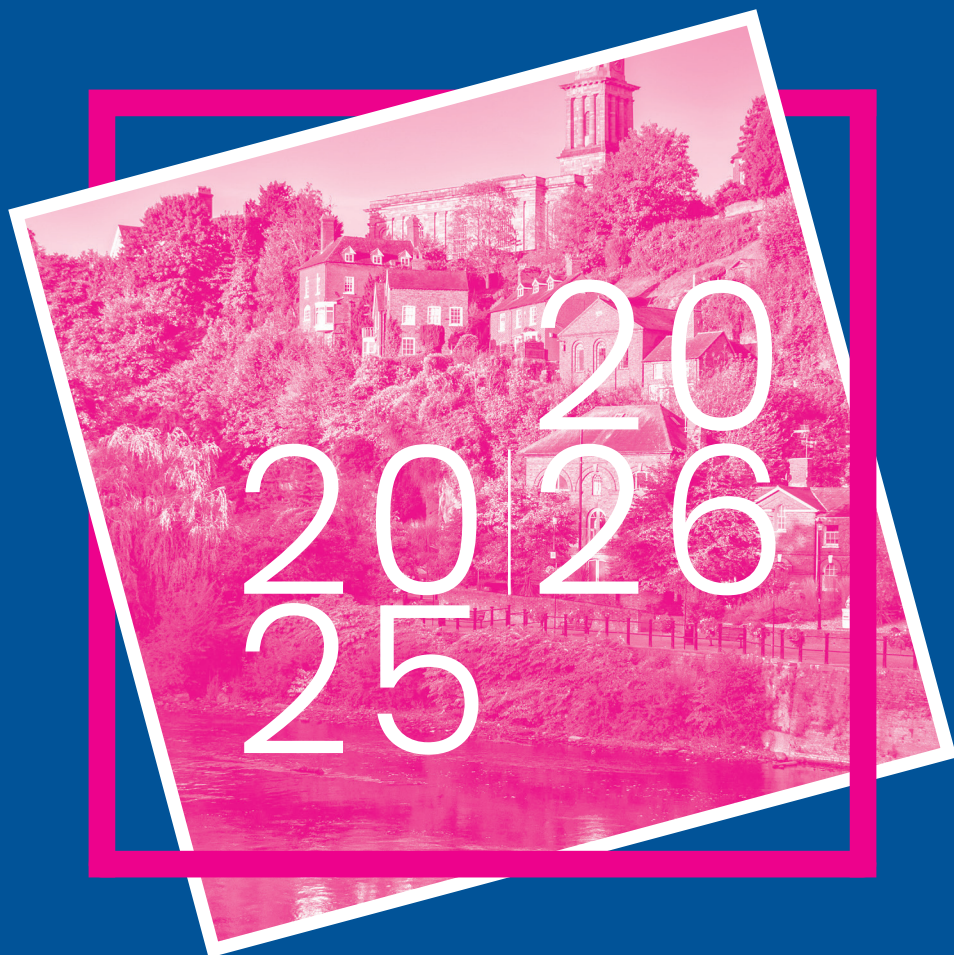


ANNUAL FINANCIAL SUMMARY



A WORD FROM OUR CHAIR

As we reflect on another year, I am proud to report that Dudley Building Society has continued to deliver growth and resilience amid considerable economic and geopolitical uncertainty.

The last three years in particular have been marked by extraordinary change. The global economic environment remains challenging, shaped by conflict, geopolitical tension, interest rate volatility and the ongoing cost of living crisis, all of which continue to fuel uncertainty.

IN SUCH CONDITIONS, TRUST BECOMES BOTH MORE FRAGILE AND MORE VALUABLE, AND I'M PLEASED TO REPORT THAT DUDLEY BUILDING SOCIETY HAS ACHIEVED STRONG GROWTH IN FUNDING THROUGH BRANCHES, AND CONTINUES TO MAINTAIN LOW ARREARS IN LENDING, BOTH DRIVEN BY OUR PERSONALISED APPROACH TO CUSTOMER SUPPORT.

Arrears performance reflects the wider UK mortgage market, where responsible lending and forbearance have helped keep arrears at historically low levels.

AN ENVIRONMENT OF TRUST

Trust in institutions across society has been under strain, shaped by misinformation and declining confidence in politics and government. According to global research company Ipsos, 45% of people trust the government 'almost never'. These are the most negative figures in four decades, and yet, at the same time, trust between people and within local communities has proven more resilient. This is where building societies play a vital role. As a mutual organisation, rooted in place and purpose, Dudley Building Society exists to provide clarity, reassurance and long-term stability for our members.



STEWARDSHIP AND LONGEVITY

Colleague engagement remains consistently high, and I thank every member of our team for their commitment and hard work. Their passion and professionalism are the foundation of our success. At board level, we've welcomed two new members – Michelle Andrews and Gavin Morris – whose skills strengthen our ability to serve members effectively.

We have now been serving members for 168 years. That longevity reflects generations of careful stewardship, adapting to change while remaining true to our core purpose. We have navigated wars, economic cycles, regulatory change and technological transformation by maintaining trust through those changes.

FINANCIAL BALANCE

The past year has seen significant shifts in the financial landscape, as interest rates eased in response to falling inflation.

THE BANK OF ENGLAND HAS REDUCED ITS BASE RATE FROM 4.5% TO 3.75%, EASING PRESSURE FOR BORROWERS WHILE CHALLENGING MARGINS ACROSS THE SECTOR.

The inflationary environment remains challenging, and we continue to see sustained increases in our costs from suppliers, including investment in our Mortgage Origination System. Wider global conditions will place further upward pressure on costs across the Society. Together, these factors are expected to result in lower profitability in the coming period.

Our responsibility as a Board is to balance support for borrowers, fair returns to savers, and strong capital levels to protect the Society's future. This careful stewardship is central to our mission and underpins every decision we make.

SUPPORTING MEMBERS

Despite the backdrop, the UK mortgage market has shown resilience, with increased activity from first-time buyers and home movers. Affordability remains a concern, and we continue to support members with understanding, tailored advice and flexible solutions.

Savings levels across the UK remain high, reflecting households' focus on financial security.

THIS IS REFLECTED IN OUR OWN EXPERIENCE, WITH STRONG INFLOWS INTO SAVINGS AND GROWING MEMBER TRUST.

TECHNOLOGY

Technological change continues to accelerate, particularly in the use of data and AI. History teaches us that the short-term impact of new technologies such as AI is often overstated, while the long-term impact is underestimated. Our approach is clear:

WE WILL EMBRACE TECHNOLOGY WHERE IT STRENGTHENS TRUST, IMPROVES SERVICE AND SUPPORTS OUR PEOPLE, WHILE REMAINING FIRMLY HUMAN IN OUR RELATIONSHIPS WITH MEMBERS.

CLOSE

In summary, this year Dudley Building Society has strengthened its support for members and communities, while maintaining financial resilience. I'd like to thank the board for their counsel, and our members for their continued loyalty and support.

IT IS WITH QUIET CONFIDENCE AND A CLEAR SENSE OF PURPOSE THAT WE LOOK FORWARD TO ANOTHER YEAR OF SERVING OUR COMMUNITIES AND BUILDING A STRONGER, SAFER SOCIETY FOR ALL.

Peter Hubbard



A WORD FROM OUR CEO

Trust does not come about by chance. It is built deliberately, through consistent actions, clear values and a genuine commitment to serving others.

Over the last year, Dudley Building Society has continued to design trust into everything we do: how we support our members, how we work with partners and intermediaries, how we invest in our people, and how we serve our communities.

DELIVERING TRUST FOR MEMBERS

One of the clearest measures of trust is advocacy. This year, our members gave us a Net Promoter Score of 95, reflecting consistently high levels, with a score of 100 recorded in December. These figures are exceptional in any sector. They reflect our ongoing commitment to service excellence, to positive experiences and to personal support, and they represent the confidence our members place in us across multiple touchpoints. Results such as these are not driven by a single initiative – they are the outcome of sustained effort, care and consistency across the organisation.

TRUST IS EARNED MOST CLEARLY AT MOMENTS THAT MATTER.

Whether supporting savers or borrowers through bereavement, helping families navigate illness, or working with customers facing financial difficulty, our colleagues provide calm, human support when it is most needed.

SUPPORTING MEMBERS THROUGH A CHANGING MORTGAGE MARKET

The UK housing market has shown resilience through the last year albeit, there have been clear periods of change and volatility brought about by external influences. We have seen strong activity across the market, including



those looking to refinance their existing mortgage or members looking to move or buy a new home, sometimes for the first time. Concerns remain for borrowers in both finding a mortgage lender who can help them, sometimes where they have more complex needs, or affordability of the loan itself.

We continue to support our members in every way we can, recognising that behind every application or account is a real person navigating important life decisions and working strongly alongside the intermediaries supporting our members in achieving their goals of living in the home they aspire to, or simply ensuring the home they have is affordable.

With all this in mind, we've achieved this year...

...A RECORD YEAR FOR NEW MORTGAGE LENDING – £131M – WHICH IS THE HIGHEST IN THE SOCIETY'S HISTORY...

...with 28% growth in mortgage balances over the last 3 years. Again, this is another remarkable achievement our people are extremely proud of and we thank all mortgage members for their ongoing support and trust in choosing the Society as their partner in home ownership.

As we embed our new Mortgage Origination System, we expect our lending to be lower in the first half of next year, before returning to more recent levels as the system fully embeds.

Gross lending next year is expected to remain broadly in line with this year, before growing as the system's capabilities are fully embedded, including significant improvements in intermediary experience, operational efficiency and a wider product offering for members.

SAVINGS, SECURITY AND FINANCIAL WELLBEING

Trust is equally central to our savings proposition. Savings levels across the UK remain high, with households continuing to prioritise financial security. According to the Office for National Statistics, the UK household savings ratio stood at 9.5% in the third quarter of 2025, well above the long-term average. We've seen this trend reflected in our own business, with strong inflows into savings account

However, when interest rates are falling more generally across the market, finding a home for both existing and new savings which offers long term value is important.

WE'VE PAID ALMOST £20.1M TO MEMBERS IN SAVINGS INTEREST IN THE LAST YEAR...

...and ensured that our products offer long term value, particularly in comparison to other alternatives across our region. This baseline of trust and value for money has seen our savings balances in the region continue to grow – with almost 31% growth in savings over the last 3 years.

WE NOW HAVE A RECORD LEVEL OF SAVINGS BALANCES IN THE SOCIETY.

This is a remarkable achievement of which our people are extremely proud of and we thank all savings members for their ongoing support and trust in choosing the Society as the home for their long term savings.



COMMUNITY PRESENCE AND ACCESS

Another key driver of trust is accessibility, and yet access to financial services continues to be withdrawn from many towns and rural areas across the UK. We've bucked that trend and moved closer to communities, not further away – expanding our branch network beyond the West Midlands into Staffordshire, Shropshire and Worcestershire.

Last year we opened in Bridgnorth, and quickly followed this with new locations in Shifnal and Halesowen, offering more access to members to speak with us and widening support. The communities in these locations have been extremely supportive of the Society and in Bridgnorth alone, we accepted £12m of savings in only 9 months, demonstrating the ongoing demand for real access to humans and genuine support over online alternatives.

IN 2026, WE'LL OPEN A NEW BRANCH IN BROMSGROVE.

Added to that, our branch expansion strategy ensures that we remain accessible and responsive to our members' needs – wherever they are – bringing face-to-face services to rural and underserved areas. This commitment has been recognised in the press, and warmly received by the communities that we serve.

These locations are about so much more than transactions. For some members, a visit to a branch may be their only meaningful interaction that week. That sense of connection matters deeply and continues to drive our commitment to a physical presence within our communities.

DIGITAL AND HUMAN WORKING TOGETHER

Our service model is deliberately focused on offering access to members across the region, rather than thinking only about 'branch' or 'online' channels. Members can open accounts online, manage them digitally, and visit a branch whenever they choose. What matters is not how they interact with us, but the confidence that Dudley Building Society will be there when life becomes complicated – or even when someone simply needs to ask for help or do something simple like access their savings to pay an unexpected bill.

AI has been talked about a lot in the press, and there is a lot of hype and uncertainty about what impact it will have. We believe it presents both opportunity and risk. Our approach is simple: humans powered by technology, not humans dependent upon it. We envisage that AI will help us work more efficiently, gain insight and improve service. It will not replace the human relationships that sit at the heart of trust. Rather, our intention is that it will perform the tasks that free our colleagues to spend more time with customers.

Our belief is that AI could also mean misinformation online will be accelerated, and could lead to people generally finding conflicting or confusing advice online.

THE ROLE OF HUMANS IN THIS WORLD WE BELIEVE WILL BE SIGNIFICANTLY IMPORTANT, PARTICULARLY WHEN DEALING WITH LIFE EVENTS...

...and finding a trusted home to support with savings, or making the decision to buy a home. Our model built on trust places us well in this potential new and emerging world.

INDUSTRY VOICE AND ADVOCACY

In the coming year, we will continue to play an active role across the wider mutual sector, working with partners and policymakers to ensure that members' voices are heard, and that the building society movement remains strong and relevant. We have championed members interests, particularly in offering our support to the wider mutual sector in our combined efforts to challenge the changes to Cash ISAs and drawing the attention of Government policymakers to the genuine impact on members and potential risk of unintended consequences of the changes being made. Whilst we are disappointed with the outcome, we will continue to use our voice to represent you as best we can.

I REGULARLY ENGAGE WITH THE SENIOR TEAM OF THE BUILDING SOCIETIES ASSOCIATION.

INTERMEDIARIES AND LONG-TERM GROWTH

Over the last three years, we've also made sustained investment in distribution and intermediary relationships as we recognise they play a key role in supporting our members to find new mortgage finance or to help secure a new home.

Again, trust plays a major role here. Our efforts have led to a record high in our net promoter score with intermediaries – 42 – and represents significant improvement on what the comparison was three years ago. Our net promoter score is now above the market average.

We listen to intermediaries in the same ways we listen to members, and they told us that the systems on which we operate needed improvement.

WE'VE BEEN WORKING TIRELESSLY ON THE DELIVERY OF OUR NEW MORTGAGE ORIGINATION SYSTEM...

...and the initial launch of this in April 2026 represents a significant step forward in improving outcomes for intermediaries, who support our members. They will see faster decision making, more consistency, less requests for documents, and internally it will make us more productive and efficient, which supports our long term growth aspirations for the Society.

At the same time, high distributor advocacy scores and continued mortgage growth have demonstrated how trust from our intermediaries has built over time, through reliability and consistency, rather than short-term gains.

TRUST, FEEDBACK AND DELIVERY

Trust is vital to us across all parts of the organisation. We trust our colleagues, members and brokers to tell us what they need. They trust us to act on that insight. When they see delivery and results – not just consultation – that trust deepens.

This creates what I think of as a trust loop. Feedback leads to action. Action builds credibility. Credibility encourages more honest engagement.

WE WORK HARD TO KEEP THESE TRUST LOOPS AS TIGHT AS POSSIBLE, AND THAT HAS MADE THEM PARTICULARLY POWERFUL DURING PERIODS OF UNCERTAINTY.

GOVERNANCE AND REGULATION

That trust is also evident in our governance. Over the past year, our Board has earned greater confidence from the regulator, particularly around risk management and, alongside stronger risk management across the sector, has led to a more proportionate approach to regulation and more opportunity for growth.

This reflects strong governance, effective oversight and a clear focus on acting in the long-term interests of members, reinforcing why so many people continue to choose Dudley Building Society as a trusted partner for their long-term financial wellbeing.

PROSPER – BUILDING TRUST BEYOND FINANCE

Financial wellbeing cannot be separated from mental health, personal confidence and individual capability.

OUR INITIATIVE, WHICH WE'VE CALLED PROSPER, IS ABOUT RESTORING PERSONAL AGENCY, DIRECTION AND HOPE...

...especially to those who have lost those things. This leads to people taking greater control of their finances and building a future based on financial resilience.

Through its structured twelve-week programme, we have seen remarkable changes in people facing some of the most complex challenges imaginable – changes that national frameworks often take much longer to achieve. Prosper represents national-level innovation in community wellbeing and financial resilience, and it is ready to scale. We will continue to do more in this space to give back to our communities and aim to work with others where we can to widen its impact.

PEOPLE, CULTURE AND CAPABILITY

I've talked a lot about trust in different areas, but its origins are right here, within the organisation. Colleague engagement remains exceptionally strong, and we are proud to continue to be recognised as a Great Place

to Work for the second year running, and be one of the UK's Best Workplaces in Financial Services. Add to this our B-Corp accreditation, which reflects the highest standards of social and environmental performance, transparency, and accountability in the workplace.

AS PART OF THIS COMMITMENT, WE CONTINUE TO LOOK TO SUPPORT LOCAL PEOPLE WHERE WE CAN AND HAVE HIGH LEVELS OF REGIONAL EMPLOYEES, WHILST CONTINUING TO INVEST IN APPRENTICESHIP OPPORTUNITIES FOR LOCAL PEOPLE.

Our apprentice programme continues to go from strength to strength, with another five apprentices currently progressing through the business, contributing to skills development and community employment.

LOOKING AHEAD

In a world that often feels uncertain and impersonal, we believe our role has never been more important. This year's progress has been built on trust: trust from members, colleagues, partners and communities.

There are a number of significant proof points on our journey this year – record levels of customer advocacy, record levels of intermediary advocacy, a record level of savings balances, a record level of gross lending – as well as being recognised again as a Great Place to Work. The delivery of many new locations and our new Mortgage Origination System put us strongly in a position to build on the foundations we've built and move forward.

Dudley Building Society is growing responsibly, serving locally, and preparing carefully for the future – always in the interests of our members.

AS WE LOOK AHEAD, WE DO SO WITH CONFIDENCE, MOMENTUM AND A CLEAR SENSE OF PURPOSE. AND WE TRUST THAT YOU WILL DO THE SAME.

James Paterson

Summary Financial Statement

FOR THE YEAR ENDED 31 MARCH 2026

This Financial Statement is a summary of information in the audited Annual Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge, on demand at every office of Dudley Building Society from 16 July 2026.

Approved by the Board of Directors on 2 June 2026 and signed on its behalf by:

Peter Hubbard
Chair

James Paterson
Chief Executive Officer

Michael Bhopal
Chief Financial Officer

Summary Strategic Report

This Summary Strategic Report describes the Society's strategy, business objectives and principal activities.

The report includes the Financial Review, which details the Society's financial position and performance over the year.

The Society was established in 1858 with the aim of helping local people to buy their own homes. As set out in the Chair's and Chief Executive Officer's statements, our strategy continues to evolve to meet the changing needs of our members.

The Society's Strategy was approved at the March 2023 Board meeting and is summarised in the Strategic Report in the Annual Report and Accounts.

Business operations remain focused on continued growth of member value in line with the foundation of the strategy.

This is delivered to members through our customer value proposition.

The Society maintains the financial strength to continue moving forward with the strategy, supported by the investments in risk management capabilities. Through the planning process we generate sufficient value to realise our ambitions and help people to live better lives. We believe strongly that this is our purpose as a building society.

Our customer and community elements of the strategy are set out in more detail in the Social Responsibility section later in this Strategic Report. Climate change will continue to evolve as part of the strategy over the coming years.

Business Objectives and Principal Activities

The Society's principal activity is the provision of long-term residential and buy-to-let mortgages to borrowers, financed by personal and community savings from members.

We grow value for our members by:

- Developing mortgage propositions that can provide solutions to complex needs
- Offering those mortgages by building strong relationships with selected intermediaries
- Funding those mortgages primarily with branch-based savings accounts
- Maintaining a level of margin between mortgage and savings rates that allows the business to grow sustainably and deliver our strategy.

We deliver value to our members by:

- Maintaining our mortgage and savings pricing at rates which are competitive and fair
- Retaining sufficient profit as capital, protecting the Society against risk
- Growing the business so that new members can participate in the Society's success
- Improving customer experience and investing further in capability
- Making a meaningful difference to our community.

	2026	2025	2024	2023
Trading performance				
Mortgage advances	£130.9m	£124.3m	£110.8m	£112.3m
Total mortgage assets	£558.0m	£517.2m	£476.8m	£436.1m
Total shares balances	£591.5m	£554.0m	£559.6m	£452.7m
Financial strength				
Net interest margin	2.30%	2.15%	2.13%	2.49%
Administrative expenses ratio ¹	2.09%	2.01%	1.95%	1.83%
Underlying profit before tax ²	£1.76m	£1.02m	£1.69m	£3.13m
Profit before tax	£1.00m	£1.04m	£1.78m	£2.70m
Regulatory capital	£33.8m	£32.8m	£32.2m	£30.5m
Liquid assets (% of SDL)	18.0%	17.6%	25.7%	19.9%
Arrears 3 months or greater (no.)	10	5	3	7
Engagement measures				
Customer Net Promoter Score	94.5	95.2	93.9	90.8
Intermediary Net Promoter Score	42.0	40.3	15.7	6.7
Employee engagement	82%	84%	80%	77%

¹Administrative expenses plus depreciation and amortisation as a percentage of mean total assets.

²Underlying profit before tax is calculated as Profit before tax as per the Income Statement excluding non-recurring administrative expenses and fair value as disclosed in Notes 4 and 5 to the Accounts.

Society Results for the Year

FOR THE YEAR ENDED 31 MARCH

	2026 £000s	2025 £000s
Net Interest Receivable	15,029	13,551
Other Income and Charges	(227)	(178)
Recurring administrative expenses	(12,617)	(11,729)
Recurring depreciation and amortisation	(456)	(542)
Impairment credit/(charge)	33	(78)
Underlying profit before taxation	1,762	1,024
Non-recurring administrative expenses	(533)	(373)
Fair value	(226)	393
Profit before taxation per income statement	1,003	1,044

Society Financial Position

AT 31 MARCH

	2026 £000s	2025 £000s
Liquid Assets	116,033	103,711
Loans and advances to customers	557,968	517,157
Fixed and other assets	5,594	4,145
Total Assets	679,595	625,013
Shares	591,467	553,980
Amounts owed to other customers	52,250	35,168
Other liabilities	1,825	2,597
Total Liabilities	645,542	591,745
Reserves	34,053	33,268
Total liabilities and reserves	679,595	625,013

Summary of Key Financial Ratios

FOR THE YEAR ENDED 31 MARCH

	2026 %	2025 %
As a percentage of shares and borrowings		
Gross capital	5.29	5.65
Free capital	5.25	5.57
Liquid assets	18.03	17.60
As a percentage of mean total assets		
Profit after tax	0.12	0.12
Administrative expenses	2.09	2.01

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

'Shares and borrowings' represent the aggregate of shares and amounts owed to credit institutions and other customers.

'Gross capital' comprises general reserves and Available-for-Sale reserves. 'Free capital' comprises gross capital and impairment provision less intangible fixed assets.

'Liquid assets' represents the total of cash in hand, treasury bills, loans and advances to credit institutions and debt

securities as shown in the Statement of Financial Position.

'Mean total assets' are the average of the total assets at the beginning and end of the relevant financial years.

'Profit after taxation' represents the profit for the financial year as shown in the Income Statement.

'Administrative expenses' represent the aggregate of administrative expenses, depreciation and amortisation and other operating charges.



Independent auditors' statement on the Annual Financial Summary Report to the members of Dudley Building Society

We have examined the Annual Financial Summary as at 31st March 2026 of Dudley Building Society (the 'Society'), which comprises the Society Results for the Year and Society Financial Position.

Respective responsibilities of directors and auditors

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

Our responsibility is to report to you our opinion on the consistency of the Annual Financial Summary 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 Financial Summary 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 A Word From Our Chair ('Chair's Statement'), A Word From Our CEO ('Chief Executive's Review'), Directors' Remuneration Report, and Summary of Key Financial Ratios.

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

Opinion

In our opinion the Annual Financial Summary is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Dudley Building Society for the year ended 31 March 2026 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
Birmingham

2 June 2026

Directors' Remuneration Report

Committee Chair's Statement

As Chair of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year. I am proud to lead the committee which oversees the Society's remuneration policy and practices, including both fixed pay and performance related bonus with a particular emphasis on executive pay, ensuring alignment with the UK Corporate Governance Code (the Code), regulatory requirements and the Society's strategic objectives. The Committee's work supports the Society's purpose, values, culture, and long-term sustainable success. During the year, the Board agreed an expanded remit for the Committee, which now includes people, capability, leadership and performance matters.

Remuneration Committee

Role and membership

The Committee comprises five independent non-executive directors: Tariq Khatri (Chair), Peter Hubbard, Nicole Coll, Michael Hudson, and Michelle Andrews (since 27 February 2026). The Chief Executive Officer, People Director and General Counsel & Secretary attend meetings where appropriate. The Committee operates under a set of Board-approved terms of reference which are subject to annual review to ensure they are fit for purpose and in line with the Code and regulatory requirements. The Committee met seven times.

Focus areas and decisions

Remuneration Policy and governance

The Committee reviewed and recommended updates to the Society's Remuneration Policy, to ensure continued alignment with the Code, and regulatory expectations in relation to performance related bonus. The policy emphasises long-term value creation, ethical conduct, and effective risk management. It supports recruitment, retention and motivation of employees with the skills and capabilities necessary to deliver the Society's strategic objectives, ensuring that remuneration practices are affordable and aligned with members' interests. The Policy updates coincided with the first year of the Society's performance-related pay bonus scheme.

The Committee recommended updated terms of reference, clarifying its remit over all executive remuneration, and the oversight of material risk takers and control functions, in line with the Code and PRA Rulebook.

At the same time, the Board created a new Non-Executive Director Remuneration Committee – comprising the Chief Executive Officer, Chief Financial Officer and Chair of the Board – to strengthen governance in this area and ensure independence and clarity of decision making. Further information on Non-Executive Directors' fees is in Note 7 to the Accounts.

Directors' Remuneration Report (cont)

The Board also approved an extension to the Committee's remit to include a focus on organisational capability, leadership and performance, to strengthen alignment between pay and performance.

Executive remuneration

The Society's remuneration policy for Executives is designed to support the delivery of its strategy, promote long term sustainable performance, and reinforce a strong risk and conduct culture. Remuneration structures are intended to attract, retain and motivate high calibre leaders, while ensuring that pay outcomes are aligned with members' interests, the Society's purpose and values, and regulatory expectations.

The remuneration of Executive Directors and Executives is designed to reflect their individual roles, responsibilities, and contribution to the ongoing success of the Society. The Committee is responsible for setting the overall package, which includes a base salary and a range of benefits and performance related bonus. Performance metrics are selected to reflect both financial and non financial priorities, ensuring balanced outcomes and discouraging excessive risk taking or short term decision making. Remuneration is structured to be market competitive while maintaining a clear link between pay and performance.

Remuneration is reviewed annually. This process was informed by benchmarking data from comparable organisations, including building societies and relevant financial services firms. Every three years the Society sources independent external benchmarking data from a third-party to provide additional market insight, which it did in the year, to ensure salary levels remain appropriate.

Executive Directors

James Paterson and Michael Bhopal have service contracts dated 1 May 2022 and 1 February 2025 which have mutual notice periods of twelve months and six months respectively. There are no contractual entitlements to bonuses, deferred remuneration, or enhanced terms in the event of a transfer of engagements.

Both Executive Directors receive a range of benefits, including access to an electric car scheme, a healthcare cash plan, private medical insurance, and an employee discount portal. Also, they receive an employer pension contribution of 11% of base salary.

This is in line with what is available to some longer-serving employees, while new employees receive a lower employer contribution, increasing through employee matching. To address this disparity, the Committee has asked for a plan to close the gap over a 3-5 year period.

Further information on Executive Directors' remuneration is detailed in Note 7 to the Accounts.

Performance related bonus

The Committee oversaw the introduction and first year of operation of a new performance related bonus scheme, which applies to all employees, including Executives and Executive Directors. The scheme reinforces a collective focus on the delivery of strategic and business outcomes.

Awards are determined using a balanced scorecard of financial and non financial measures: Profit, Growth, Advocacy and Engagement. Each measure directly supports the Society's strategic priorities: profit underpins financial resilience, growth supports long term sustainability, advocacy reflects member value and trust,

and engagement reinforces culture and capability. Targets were set at the start of the financial year and aligned with the Corporate Plan.

During the year, the Society fully achieved two of the four scorecard measures (advocacy and engagement). In relation to the profit measure, one element was fully achieved and the second was achieved at 97%. Following detailed discussion, the Committee unanimously agreed it was appropriate to exercise discretion and award the bonus payment in respect of the profit measure. As a result, three elements of the scorecard were reflected in the bonus outcome for employees, representing 75% of the total available bonus opportunity.

The Committee considered the resulting quantum to be fair and proportionate, and satisfied that it appropriately reflected both the level of performance delivered and the quality and sustainability of outcomes, including leadership behaviours, strategic execution, and the experience of members and employees.

A formal risk underpin assessment was undertaken covering conduct, compliance, risk management effectiveness and member outcomes. No issues were identified that warranted adjustment, and no downward discretion was applied.

Executives and employees performing senior management or controlled functions remain subject to bonus clawback provisions. During the year, the clawback period was extended from three to seven years in line with supervisory best practice.

Overall approach to remuneration

- The Committee regularly reviews remuneration levels to ensure they remain appropriate and proportionate. This assessment considers both internal and external factors, including the scale and complexity of the Society, individual responsibilities, performance, and progression.

- This year an external benchmarking consultant reviewed salaries across the market, both regionally and nationally considering pay against comparable building societies and relevant financial services organisations.
- The Committee also considers internal relativities, including wider workforce pay, pension arrangements and overall affordability. Pay ratios and pay gaps are monitored to ensure executive remuneration remains fair and aligned with broader employee reward outcomes, and to support transparency and trust across the Society.

Workforce and Stakeholder Engagement

The remuneration framework has been designed to align executive remuneration with the wider workforce pay policy. The performance related bonus scheme applies to all employees, including Executive Directors, promoting a collective focus on delivery and reinforcing a shared performance culture.

During the year, the Committee did not undertake direct engagement with members specifically on remuneration matters. However, feedback from wider stakeholder interactions and annual meeting discussions was considered, and no significant concerns were raised in relation to the Society's approach to executive remuneration.

Engagement with the workforce took place through leadership briefings, internal communications and manager cascades to explain how remuneration outcomes aligned with Society performance and the wider employee reward framework. The Committee has engaged with management to ensure that executive pay decisions are communicated transparently, supporting employee understanding of how senior leadership rewards reflect organisational performance, values and fairness considerations.

Directors' Remuneration Report (cont)

Alignment with strategic objectives

The Committee's work during the year directly supported the Society's strategic objectives:

- Sustainable growth. By ensuring remuneration policies are competitive and linked to performance, the Committee has supported the Society's ambition to grow its balance sheet and deliver value to members, ensuring affordability.
- Talent retention. The Committee's focus on benchmarking and performance related bonus ensures the Society can attract, retain and motivate high-performing leaders.
- Risk management and culture. The integration of risk and compliance metrics into performance management and pay decisions reinforces a culture of prudent risk-taking and ethical conduct.
- Member value and fairness. The Committee's approach to pay increases, performance related bonus, and pension parity reflects a commitment to fairness, transparency, and alignment with member interests.

Committee effectiveness and impact

The Committee is satisfied that the remuneration policy operated as intended during the year, both in terms of supporting performance and delivering appropriate pay outcomes. The introduction and first year of operation of the performance related bonus scheme reinforced alignment between pay, performance and risk outcomes across the Society.

No fundamental changes to the remuneration framework are proposed for the coming year, though the Committee will continue to refine performance measures as the strategy evolves.

Tariq Khatri

Chair of the Remuneration Committee

Chair of the Board Audit Committee
2 June 2026



Remuneration of and Transactions with Directors

	2026 £000s	2025 £000s
(a) Remuneration of Directors		
Directors' emoluments		
Services as Directors (Non-Executive Directors)	180	198
Services in connection with Management (Executive Directors)	500	555
	680	753
Details of individual Directors' emoluments are as follows:-		
Non-Executive	2026 £000s	2025 £000s
Nicole Coll	42	42
Peter Hubbard	55	54
Michael Hudson	41	36
Tariq Khatri	36	36
Joanna Baldwin (Resigned: 9 December 2024)	-	30
Michelle Andrews (Joined: 27 February 2026)	6	-
Total	180	198

Non-Executive Directors receive only fees for their services.

	Salary £000s	Benefits £000s	Pension Contributions £000s	Total £000s
2026				
Executive				
James Paterson	289	1	32	322
Michael Bhopal	160	-	18	178
Total Executive 2026	449	1	50	500

	Salary £000s	Benefits £000s	Pension Contributions £000s	Total £000s
2025				
Executive				
James Paterson	286	1	31	318
Michael Bhopal (Appointed: 1 February 2025)	27	-	3	30
Kieron Blackburn (Appointed: 2 April 2024; Resigned 31 August 2024)	76	-	5	81
Stephen Heeley (Resigned: 18 September 2024)	117	-	9	126
Total Executive 2025	506	1	48	555

Directors' loans and transactions

At 31 March 2026, there were no outstanding mortgage loans (2025: nil) granted in the ordinary course of business to Directors or connected persons amounting to £nil (2025: £nil).

A register is maintained at the Head Office of the Society, under Section 68 of the Building Societies Act 1986, which shows details of all loans, transactions and arrangements with Directors and their connected persons. A statement of the appropriate details contained in the Register, for the financial year ended 31 March 2026 will be available for inspection upon request for a period of 15 days up to and including the Annual General Meeting.

Get in touch

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Stay in touch

From time to time, we'd like to contact you with all the latest news and updates from Dudley

Building Society. We think it is important for us to stay connected and for you to get the most out of your membership. Please ensure your marketing preferences and contact details are up to date when talking to a member of our team or by registering with us online.

[dudleybuildingsociety.co.uk](https://www.dudleybuildingsociety.co.uk)

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of Dudley Building Society will be held at Black Country Living Museum, Discovery Way, Dudley, West Midlands, DY1 4AL on Thursday, 16 July 2026 at 1:00pm for the following purposes.

Ordinary Resolutions

1. To receive the Directors' Report, Annual Accounts and annual business statement for the year ended 31 March 2026
2. To reappoint PricewaterhouseCoopers LLP as auditors to hold office until the conclusion of the next Annual General Meeting
3. To approve the Directors' Remuneration Report for the year ended 31 March 2026
4. To elect or re-elect each of the following as Directors of the Society:-
 - a) To elect Michelle Ann Andrews.
 - b) To re-elect Michael Kumar Bhopal.
 - c) To re-elect Peter John Hubbard.
 - d) To re-elect Michael Edward Hudson.
 - e) To re-elect Tariq Khatri.
 - f) To re-elect James Ian Alexander Paterson.

All Directors are subject to annual re-election. Therefore, Michael Bhopal, Peter Hubbard, Michael Hudson, Tariq Khatri, and James Paterson all retire and offer themselves for re-election at the AGM.

The Chair confirms that all the Directors seeking election or re-election have performed effectively and remain committed to the Society.

By order of the Board.

Christian Fleischmann
Secretary

2 June 2026

The following notes form part of the Notice of Annual General Meeting

Members will be required to confirm their attendance by Monday 6 July 2026. Information on how to do this is detailed within the mailing pack.

You may vote in person at the Society's Annual General Meeting. Alternatively, you may use the proxy voting form to appoint a proxy to attend and vote at the meeting on your behalf. You may appoint the chair of the meeting or anyone else as your proxy and they do not have to be a member of the Society. You may direct your proxy how to vote at the meeting.

A copy of the Society's Report and Accounts is available on the Society's website or upon request. The Annual General Meeting is a meeting arranged by the Directors once a year for Members of the Society to have an opportunity to review the Chair's report on the Society's activities over the past year and to vote on the matters detailed.

Notes on Voting Conditions

1. These notes form part of the Notice of Meeting.
2. Under the Society's Rules, a Member entitled to attend the meeting and vote may appoint one proxy to attend and vote on their behalf. You may appoint the Chair of the meeting or anyone else as your proxy, and your proxy does not have to be a Member of the Society. Your proxy may vote for you at the meeting but only on a poll. Your proxy may not speak at the meeting except to demand or join in demanding a poll.

3. You may instruct your proxy how to vote. Please read the instructions on the Proxy Voting Form.
4. The voting date is the date of the meeting, 16 July 2026, if voting in person and 13 July 2026 if voting by proxy.
5. In order to attend and vote at the meeting, or appoint a proxy, you must qualify as either a Shareholding Member or a Borrowing Member.

Shareholding Members

- a) To qualify as a Shareholding Member, you must:
 - i. if you are an individual, be at least 18 years old on 16 July 2026; and
 - ii. have held shares to the value of not less than £100 in the Society on 31 March 2026; and
 - iii. not have ceased to hold a share or shares in the Society at any time between 31 March 2026 and the voting date; and
 - iv. hold a share or shares in the Society on the voting date.
- b) Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

Borrowing Members

- a) To qualify as a Borrowing Member, you must:
 - i. be at least 18 years old on 16 July 2026; and
 - ii. have owed the Society not less than £100 in respect of a mortgage debt on 31 March 2026; and
 - iii. owe the Society not less than £100 in respect of a mortgage debt on the voting date.
- b) Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.

6. In addition, you can vote only once as a Member, irrespective of:
 - a) the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee); and
 - b) whether you qualify to vote as both a Shareholding Member and a Borrowing Member.
7. Members attending the meeting will be requested to produce their passbook, mortgage statement or other evidence of membership in order to obtain admission. If you are appointing a proxy, other than the Chair of the meeting, to attend the meeting and vote on your behalf, please ensure that your proxy brings an appropriate form of identification to the meeting.

If you appoint a proxy to vote on your behalf, and your proxy does not vote before the voting date, your vote will not be counted.

If you appoint a proxy, your proxy cannot vote on the re-election of Directors unless you indicate your vote on the Proxy Voting Form, or you instruct your proxy to vote at their discretion by marking "X" in the appropriate box on the Proxy Form.

The Board recommends that you vote FOR the Ordinary Resolutions and Special Resolutions.

To vote by proxy, the Proxy Voting Form when completed should be returned in the enclosed envelope marked, The Independent Scrutineer, Civica Election Services, The Election Centre, 33 Clarendon Road, London, N8 0NW and be received by no later than 13 July 2026.

Please refer to the Proxy Voting Form for information on how to vote via the Internet. ■

Directors Seeking Election/Re-election

ELECTION



MICHELLE ANDREWS NON-EXECUTIVE DIRECTOR

Michelle is a former Managing Director within HSBC's retail bank, where she led major businesses across Mortgages, Savings, Protection, Wealth, Payments and Current Accounts. She has significant commercial leadership experience, transformation delivery capability, and a strong track record in customer experience, customer insight, risk management, and stakeholder management. Michelle brings deep knowledge of the UK mortgage market, intermediary relationships, and large-scale operational leadership.

Additional Directorships
None

Committees
Risk & Compliance, Nomination, Remuneration



MICHAEL HUDSON CHAIR OF BOARD RISK & COMPLIANCE COMMITTEE / VICE-CHAIR

Michael brings a deep understanding and experience in risk management and is Chair of Board Risk & Compliance Committee. Michael has over 40 years' experience in Financial Services, the last 15 years as a Chief Risk Officer mostly recently at Cambridge and Counties Bank Limited. As well as this, Michael has been appointed as a diplomat for Intelligence Forums, Staffordshire & Black Country. With a deep expertise in retail and commercial banking Michael has a proven track record in leading risk and control functions, managing regulatory relationships, and driving successful outcomes. Michael's experience covers enterprise risk management, corporate governance, credit and regulatory risk, financial crime, operational risk, treasury, capital and liquidity management, M&A, model management and, more recently, climate change, ESG and technology risk.

Additional Directorships
StreamBank plc, Intelligence Forums (non-commercial)

Committees
Risk & Compliance (Chair), Audit, Nomination, Remuneration, Mortgage Origination Project Oversight

RE-ELECTION



MICHAEL BHOPAL CHIEF FINANCIAL OFFICER

Michael was appointed to the Board as an executive director in February 2025. Michael is a highly experienced finance director and qualified accountant with over 18 years of expertise in the financial services sector. His professional background is in personal finance, where he has had direct experience of UK lending markets, including intermediated and direct-to-consumer distribution. Michael's skillset combines strategic and business planning, financial analysis, capital management, funding, recovery planning, interest rate risk management, and management accounting.

Additional Directorships
None

Committees
NED Remuneration



TARIQ KHATRI CHAIR OF REMUNERATION COMMITTEE

As a management consultant Tariq has advised senior management teams in the financial services industry for over 25 years on corporate, marketing and digital strategy, operations optimisation and risk analytics. He was formerly a Partner with Ernst & Young and now works with CapGemini to grow their technology consulting business. Tariq holds a PhD in Physics and an MSc in Machine Learning. He brings to the Board considerable financial services sector experience in a range of disciplines – in particular in the application of advanced analytics.

Additional Directorships
None

Committees
Audit, Risk & Compliance, Nomination, Remuneration (Chair), Mortgage Origination Project Oversight



PETER HUBBARD CHAIR / CHAIR OF NOMINATION COMMITTEE

Peter has an extensive career within regulated organisations, serving in both Executive and Non-Executive Director roles. Previously a Non-Executive Chair at Co-Op Insurance, he was also Chief Executive at AXA Insurance and UK General Insurance, and Director of Strategy Retail Banking at Lloyds Banking Group. In addition to broad experience in both the financial services and insurance sector, Peter has a strong background in leadership and is delighted to be commencing his fifth year as the Society's Chair of the Board of Directors.

Additional Directorships
Exeter Friendly Society Limited, The Exeter Cash Plan, The Exeter Cash Plan Holdings Limited

Committees
Nomination (Chair), Remuneration, NED Remuneration



JAMES PATERSON CHIEF EXECUTIVE OFFICER / CHAIR OF NED REMUNERATION COMMITTEE

James is a husband and father of two young girls and has lived in the West Midlands all his life, including within the Black Country. He is an advocate for community and charity initiatives and was inspired to set up a charity with his wife which is dedicated to providing mental health support for new mums. James has a strong background in member owned businesses and worked in a number of senior roles at Coventry Building Society and Secure Trust Bank. James has developed a clear purpose and vision for the Dudley, placing emphasis on customer experience, community support, helping the climate and improving the employee experience for our people. He is looking forward to meeting members at the Annual General Meeting, having met members whilst visiting branches.

Additional Directorships
None

Committees
Nomination, NED Remuneration (Chair)



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Dudley Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority (registration number 161294).