

Saffron Building Society announces record gross mortgage lending, expanded branch network and Annual Results for 2025

Key Highlights

Total assets increased to £1,545m supported by growth of the mortgage book to £1,207m, and growth in retail funding to £1,357m: this enabled the Society to repay the final £100m of its drawing from the Bank of England's Term Funding scheme with additional incentives for Small and Medium-sized Enterprises (TFSME).

Achieved year-on-year growth in our gross mortgage lending, reaching a record £289m in the year ending 2025 (2024: £244m).

Underlying profit before tax remained healthy at £3.8m (2024: £7.9m) despite increasingly fierce competition and reducing interest rate environment.

Profit for the year before taxation fell to £0.3m (2024: £5.6m) reflecting the adverse change in value of derivatives following the volatility of the external economic environment.

Total regulatory capital, held to protect members' deposits against potential losses from lending and other operational risks, decreased from £93.7m to £93.2m, primarily driven by the recognition of a defined benefit pension surplus of £1.5m and movement in assets available for sale of £0.9m.

Continued good value for members alongside excellent personal service: in 2025 the Society paid an average savings rate of 0.51% higher than market average, equating to an extra £7.6m member benefit.

Top 10% position amongst financial services firms for staff engagement: score of 8.6 reflecting a positive, motivated and engaged workforce.

Replaced and expanded our data infrastructure and tools, which is a key project to enable us to better understand customer needs, improve decision making and develop better propositions for members.

The Society's endowment fund with Essex Community Foundation surpassed £1m, meaning the Saffron Community Fund is now poised to provide approximately £50,000 in community grants each year, in perpetuity.

Member satisfaction remained high at 97.9% reflecting our continuing commitment to providing exceptional service to our members.

Integrating deeply into members' communities is what we do, with over 2,000 volunteering hours donated, and over 2,000 Community and Ware Link hours utilised.

When many of our competitors are reducing their presence on the high street; we opened a new branch location in the Braintree library, creating a blueprint for further expansion opportunities in future years.

The Society and Saffron for Intermediaries received multiple industry awards during the year, including Mortgage Provider of the Year (MoneyAge Awards), Specialist Lender of the Year (Mortgage Awards), Mortgage Lender of the Year (Mortgage Introducer Awards), Mortgage Best Small Lender up to £100m (L&G Mortgage Club Awards), alongside recognition for savings excellence with Best Child and Junior Savings Provider (The Money Pages Personal Finance Awards 2025). These awards reflect the Society's continued focus on delivering strong outcomes for members, brokers and partners through service, expertise and a differentiated approach to lending.

Chief Executive's Statement

Introduction

The Society performed well over 2025, achieving a record year of mortgage lending, growing savings balances by over £100m and continuing to offer high levels of service and support our members. During 2023, the Society developed a strategy entitled 'For Years to Come', which encompassed members, colleagues, community and our broader environment. Further delivery on this strategy has been achieved in 2025. Key projects have included expanding our branch network to meet our members' needs, developing new products for our mortgage customers and building the technical resilience of the Society. The continued delivery of transformation projects in 2026 and beyond will see the Society positioned well to continue deliver excellence for our members in the face of increasingly competitive environments and margin compression.

Financial performance summary

The Society has continued to trade well over the year growing both mortgage and savings balances. Competition for savings has driven up rates during the year as many financial institutions have sought to raise funding from savers to repay government lending. Competition for mortgages has driven down rates during the year and both these factors, whilst positive for members, has resulted in margin compression for the Society.

The Group generated statutory profit before tax of £0.3m (2024: £5.6m). Included in the profit before tax figure are items that are essentially one-off in nature and net gains or losses from fair value movements which are largely driven by changes in the external economic environment.

The underlying profit before tax reduced to £3.8m (2024: £7.9m) reflecting the reducing interest rate environment which puts pressure on margins as mortgage rates reduce more quickly than savings. Total assets increased to £1,545m supported by growth of the mortgage book to £1,207m, and growth in retail funding to £1,357m that enabled the Society to repay the final £100m of its drawing from the Bank of England's (TFSME).

We achieved year-on-year growth in our gross mortgage lending, reaching a record £289m in the year ending 2025 (2024: £244m), and once again winning Mortgage Provider of the Year at the MoneyAge Awards as well as Mortgage Lender of the Year at the Mortgage Introducer Awards. Total regulatory capital, held to protect members' deposits against potential losses from lending and other operational risks, decreased from £93.7m to £93.2m, primarily driven by the recognition of a defined benefit pension surplus of £1.5m and movement in assets available for sale of £0.9m.

Transformation

We recognise the importance of resilient and agile systems, and we formed the Transformation Committee to oversee our transformation programme to ensure our systems remain fit for the needs of our members. This enables us to offer a greater range of products and respond more quickly to changes in the market, as well as providing greater technical resilience.

The transformation includes awarding the contract for the new mortgage origination platform, agreeing the implementation roadmap and commencing the first phase. We will complete the migration of our core banking platform to the cloud and upgrade to a newer version, enabling integration with other platforms. Our data hosting platform will be advanced to deliver richer business insights while decommissioning legacy data capabilities to reduce technical debt. Copilot, Microsoft's AI assistant, will also be rolled out as a structured change programme to safely drive productivity and operational improvement.

Community

As a mutual, community is a fundamental part of our culture and, 176 years after being founded by the Reverend John Marten, the Society is still an integral part of the regional community. Over the past year, our colleagues have volunteered more than 2,000 hours for good causes in their communities, a contribution we are looking to continue to grow in 2026.

Our Community Link and Ware Link were used for over 2,000 hours by charities, not-for-profit and community groups during the year, allowing them to focus their resources on supporting the causes they hold dear. We have surpassed £1m in our endowment fund with Essex Community Foundation, meaning the Saffron Community Fund is now poised to provide approximately £50,000 in community grants each year, in perpetuity.

We delivered a pilot event called Mini Money Masters where children aged 8-15 received free financial educations delivered by Money Ready, with further events planned across the Society's branches throughout 2026.

Developments in the year

We recognise that our members want a range of options of how to do business with us, whether that is at physical branch locations, online, or over the telephone. Our branch network is important to all our members and, at a time when many of our competitors are reducing their presence on the high street, we opened a new branch location in the Braintree library. This project was completed in partnership with Essex Country Council and will enable us to service our new and existing Braintree customers in this population location. Further similar expansion opportunities are under consideration for future years.

During the year we replaced and expanded our data infrastructure and tools, which is a key project to enable the Society to better understand customer needs, improve decision making and develop better propositions for members. Additionally, we improved the technical resilience of the Society with the replacement and upgrade of all its infrastructure. In total, we delivered 26 projects to improve service, meet regulatory compliance and improve internal capability. This activity underpins the development of our Society, and I want to thank all our colleagues involved.

Looking ahead

At the Society, we remain cautiously optimistic. As a niche lender, we believe that we can leverage the momentum we have built to continue to grow our lending over the coming year. We also believe that we can continue to build our savings balances, supported by our expanding branch network and savings propositions. Despite this, we anticipate that the pressures we have seen on margins will continue as competition intensifies.

We will continue to develop our strategy and supporting business mode, progressing our multi-year IT transformation under the governance of the newly formed Transformation Committee to ensure our systems remain fit for the needs of our members.

I would like to thank all my colleagues for their energy, skill, and commitment, as well as our members for their continued support.

Colin Field
Chief Executive Officer

10 March 2026

Saffron Building Society Announcement

For the year ended 31 December 2025

Income Statement for the year ended 31 December 2025	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Interest receivable and similar income	81,109	80,459	86,571	85,985
Interest payable and similar charges	(52,655)	(52,655)	(57,045)	(57,045)
Net interest income	28,454	27,804	29,526	28,940
Fees and commissions receivable	254	328	182	237
Fees and commissions payable	(693)	(675)	(697)	(678)
Net fair value movements	(3,474)	(3,266)	(1,036)	(706)
Total net income	24,541	24,191	27,975	27,793
Other operating income	441	441	559	559
Administrative expenses	(23,054)	(23,048)	(20,634)	(20,633)
Depreciation and amortisation	(882)	(882)	(761)	(761)
Other operating charges	(155)	(155)	(1,808)	(1,808)
Loss on disposal of property, plant and equipment and investment properties	-	-	(7)	(7)
Operating profit before impairment losses and provisions	891	547	5,324	5,143
Impairment (losses) / recoveries on loans and advances	(564)	(409)	277	277
Operating profit before tax	327	138	5,601	5,420
Tax	(132)	(132)	(1,524)	(1,482)
Profit for the financial year	195	6	4,077	3,938

Statement of comprehensive income for the year ended 31 December 2025	2025 (£000)		2024 (£000)	
	Group	Society	Group	Society
Profit for the financial year	195	6	4,077	3,938
Available for sale reserve				
Valuation (loss) / gain taken to reserves	1,189	1,189	(523)	(523)
Amount transferred to income statement	-	-	4	4
Net actuarial gain/(loss) recognised in the defined benefit pension scheme	(58)	(58)	652	652
Unrealised gain on revaluation of property plant and equipment.	-	-	-	-
Tax relating to components of other comprehensive income	(281)	(281)	34	34
Total comprehensive income for the year	1,045	856	4,240	4,101

Group
Statement of Financial Position
at year ended 31 December 2025

2025
(£000)

2024
(£000)

Group

Group

Assets

Liquid assets		
Cash in hand and balances with the Bank of England	41,395	82,862
Treasury bills	69,321	35,674
Loans and advances to credit institutions	29,371	16,633
Debt securities	178,658	141,229
Total liquid assets	318,745	276,398
Derivative financial instruments	4,254	14,350
Loans and advances to customers	1,207,466	1,178,496
Investment properties	2,420	2,290
Intangible Assets	1,305	1,346
Property, plant and equipment	5,320	4,595
Prepayments & accrued income	3,201	1,985
Current tax asset	641	500
Deferred tax asset	-	428
Pension asset	1,458	-
Total assets	1,544,810	1,480,388

Liabilities

Shares	1,221,693	1,121,099
Amounts owed to credit institutions	75,543	124,888
Amounts owed to other customers	135,124	129,208
Derivative financial instruments	11,140	6,892
Other liabilities	1,992	954
Accruals and deferred income	2,495	2,420
Provisions for liabilities	144	144
Deferred tax liability	707	-
Pension liability	-	48
Subordinated liabilities	12,533	12,341
Total Liabilities	1,461,371	1,397,973

Reserves

General reserves	82,038	81,885
Available for sale reserve	465	(427)
Revaluation reserve	936	936
Total reserves and liabilities	1,544,810	1,480,388

Society
Statement of Financial Position
at year ended 31 December 2025

2025
(£000)

2024
(£000)

Society

Society

Assets

Liquid assets		
Cash in hand and balances with the Bank of England	41,395	82,862
Treasury bills	69,321	35,674
Loans and advances to credit institutions	29,371	16,633
Debt securities	178,658	141,229
Total liquid assets	318,745	276,398
Derivative financial instruments	4,254	14,350
Loans and advances to customers	1,188,006	1,156,351
Investments in subsidiary undertakings	16,053	18,870
Investment properties	2,420	2,290
Intangible assets	1,305	1,346
Property, plant and equipment	5,320	4,595
Prepayments & accrued income	3,201	1,985
Current tax asset	620	535
Deferred tax asset	-	428
Pension asset	1,458	-
Total assets	1,541,382	1,477,148

Liabilities

Shares	1,221,693	1,121,099
Amounts owed to credit institutions	75,543	124,888
Amounts owed to other customers	135,124	129,208
Derivative financial instruments	11,140	6,892
Other liabilities	1,992	954
Accruals and deferred income	2,475	2,399
Provisions for liabilities	144	144
Deferred tax liabilities	707	-
Pension liability	-	48
Subordinated liabilities	12,533	12,341
Total liabilities	1,461,351	1,397,973

Reserves

General reserves	78,630	78,666
Available for sale reserve	465	(427)
Revaluation reserve	936	936
Total reserves and liabilities	1,541,382	1,477,148

**Statement of changes in
members' interests
Group 2025**

	(£000)			
	General reserve	Available for sale reserve	Revaluation reserve	Total
Balance as at 1 January 2025	81,885	(427)	936	82,394
- Profit for the financial year	195	-	-	195
- Other comprehensive income/(charge) for the year	(42)	892	-	850
Total comprehensive income/(charge) for the year	153	892	-	1,045
Balance as at 31 December 2025	82,038	465	936	83,439

Group 2024

Balance as at 1 January 2024	77,254	(35)	936	78,155
- Profit for the financial year	4,077	-	-	4,077
- Other comprehensive (charge)/income for the year	555	(392)	-	163
Total comprehensive income/(charge) for the year	4,632	(392)	-	4,240
Balance as at 31 December 2024	81,885	(427)	936	82,394

Society 2025

Balance as at 1 January 2025	78,666	(427)	936	79,176
- Profit for the financial year	6	-	-	6
- Other comprehensive income/(charge) for the year	(42)	892	-	850
Total comprehensive income for the year	(36)	892	-	856
Balance as at 31 December 2025	78,630	465	936	80,031

Society 2024

Balance as at 1 January 2024	74,174	(35)	936	75,075
- Profit for the financial year	3,938	-	-	3,938
- Other comprehensive (charge)/income for the year	555	(392)	-	163
Total comprehensive income for the year	4,493	(392)	-	4,101
Balance as at 31 December 2024	78,666	(427)	936	79,176

Group cash flow statements
for the year ended 31 December 2025

2025
(£000)

2024
(£000)

Group Group

Cash flows from operating activities

Profit before tax	327	5,601
Interest on subordinated liabilities	1,500	1,322
Gain on repayment of subordinated debt	-	(400)
Net derivative financial instruments	(3,004)	(12,976)
Gain on revaluation of investment property	(130)	(60)
Loss on impairment of intangible assets	-	8
Depreciation and amortisation	883	762
Increase/(Decrease) in impairment of loans and advances	324	(270)
(Increase)/Decrease in loans and advances to credit institutions	(11,641)	1,970
Increase in loans and advances to customers	(18,474)	(48,697)
(Increase)/Decrease in prepayments, accrued income and other assets	(3,729)	(188)
Increase in shares	97,664	84,257
Cash received on derivative instruments	8,259	15,853
Cash paid on derivative instruments	(1,255)	(1,626)
Decrease in amounts owed to credit institutions	(48,282)	(79,734)
Increase in amounts owed to other customers	5,977	34,339
Increase in accruals, deferred income and other liabilities	3,541	2,382
Net tax received/(paid)	665	(900)
Net cash inflow from operating activities	32,625	1,643

Cash flows from investing activities

Purchase of debt securities and treasury bills	(246,043)	(292,595)
Disposal of debt securities and treasury bills	176,156	220,285
Purchase of property, plant and equipment	(1,200)	(724)
Purchase of intangible fixed assets	(367)	(874)
Net cash used in investing activities	(71,454)	(73,908)

Interest on subordinated liabilities	(1,500)	(1,322)
Cash received on issue of subordinated liabilities	-	12,000
Cash paid on repayment of subordinated debt	-	(9,600)
Cash paid/(received) on derivative instruments	(40)	(61)
Net cash used in financing activities	(1,540)	1,017

Net decrease in cash and cash equivalents (40,370) (71,248)

Cash and cash equivalents at beginning of the year 84,280 155,528

Cash and cash equivalents at end of the year 43,911 84,280

To see the full results, visit: www.saffronbs.co.uk/financial-results