Interim Financial Report

30th June 2025

Nottingham
Building Society

Key Highlights

4,076
New mortgage customers
(2024: 4,069) ↑

£535.1m
Gross new lending
(2024: £525.7m) ↑

£4.4bn
Total mortgage assets
(2024: £3.9bn) ↑

11bps
Expected credit loss coverage ratio (2024: 15bps) ↑

£4.4bn
Total savings balance
(2024: £4.0bn) ↑

£82.1m
Total interest paid to savers
(2024: £71.5m) ↑

63.6%
Net promoter score
(2024: 61.3%) ↑

1.61%
Underlying net interest margin
(2024: 1.87%) ↓

£8.0m
Profit before tax
(2024: £0.7m) ↑

£11.0m
Underlying profit before tax
(2024: £9.0m) ↑

4.9 ☆
Trustpilot score
(2024: 4.9) →

1,501
Colleague volunteering hours
(2024: 1,200) ↑

13.5%
Common equity tier 1 ratio
(2024: 14.0%) ↓

4.8%
Leverage ratio
(2024: 5.3%) ↓

191.8%
Average liquidity coverage ratio
(2024: 169.3%) ↑

The Key Performance Indicators ('KPI') disclosed above are based on the positions at 30th June or for the six-month period ended 30th June, unless otherwise stated. The average Liquidity Coverage Ratio ('LCR') is a 12-month average for the period ended 30th June.

↑ Positive movement | ↓ Adverse movement | → Stable

Contents

IFRS results

This Interim Financial Report for the six months ended 30th June 2025 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority ('FCA') and with UK adopted International Accounting Standard ('IAS') 34 - Interim Financial Reporting. The Interim Financial Report should be read in conjunction with the Annual Report and Accounts for the year ended 31st December 2024, which have been prepared in accordance with UK adopted IAS.

Forward-looking statements

Certain statements in this Interim Financial Report are forward-looking, based on current expectations, assumptions and forecasts made relating to the future financial position. All forward-looking statements involve risk and uncertainty as they relate to future events and circumstances that are out of the control of the Society, including (but not limited to): UK / global economic and business conditions; market-related risks such as changes in interest rates or inflation; risks concerning borrower credit quality; delays in implementing proposals; the policies / actions of regulatory authorities; and the impact of tax or other legislation in the UK where the Society operates. The Society, defined in this Interim Financial Report as Nottingham Building Society and its subsidiary undertakings, believes that the expectations reflected in these forward-looking statements are reasonable based on the information available at the time of the approval of this report. However, we can give no assurance that these expectations will prove to be an accurate reflection of actual results; given these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

The Society undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

Chief Executive Officer's Introduction

Consolidating recent growth to ensure a strong and successful future

I am pleased to report a positive first six months' performance for Nottingham Building Society ('Society' or 'NBS').

We entered 2025 in a good position following a landmark year of growth in 2024. Last year we reached the key milestone of £5bn in total assets, with mortgage balances increasing by 18% in 2024 and by 39.6% since the end of 2022, representing a significant period of growth. Thank you to our members, partners and colleagues for helping us achieve this collective success.

At the same time, we have been strengthening our systems and capabilities whilst transforming our Society to become a specialist residential lender. This means we are increasing the amount of mortgage lending we provide to homebuyers who, for life or professional reasons, often find it difficult to access lending. To enable us to do this, we continue to provide good value savings rates and trusted service across both our branch and digital savings members.

Upgrades to our infrastructure has now reached a key phase. We have been investing in new technology and are now rolling that out, which will facilitate improved service to our future mortgage members and intermediary partners. Our new mortgage IT platform will speed up the application journey through faster lending decisions and streamlined processes. Brokers and borrowers will benefit from an easier and swifter experience enabled through technology and Artificial Intelligence ('AI').

As part of our infrastructural changes, we are also strengthening our banking foundations to ensure we continue to build secure and resilient IT platforms that will enable us to grow sustainably and safely in the future. We recognise that the issues of data / cyber security are growing in importance for our members and we want to ensure we keep our Society safe.

Sue Hayes Chief Executive Officer

Our lending and savings performance

Targeting lower lending levels in 2025

As we highlighted in our FY 2024 Annual Report and Accounts, given the Society's resilience and transformation priorities, our focus this year is to manage our lending growth to lower levels than in the last 2-3 years to allow us capacity to focus on ensuring we have all the platforms in place for future growth.

Our decision to do this has coincided with a relatively subdued mortgage market in the UK, which appears to have been impacted by the Stamp Duty changes introduced in April.

Market volatility has continued during this time, and at time of writing, we are experiencing not only trade wars but international wars, which now pose the most significant threat to global stability in recent times. Inevitably, this is playing through to economic uncertainty.

Over the first six months, gross new lending amounted to £535.1m, compared to £525.7m in the first half of 2024. Despite the increase, this is in line with the more controlled levels of lending growth we are targeting this year.

Our commitment to ongoing innovations across our lending propositions continues. We were pleased to offer new product innovations including supporting foreign nationals working on agency contracts to support the NHS. In addition, our mortgage product offering up to £5,000 cashback to offset the impact of Stamp Duty changes caught the attention of the market and further reflects our commitment to innovation.

Our mutually beneficial partnership with fintech Gen H continues. We remain aligned in our ambition to lend to people through intermediaries who may find it more challenging to access lending from mainstream banks.

Strong demand for cash ISAs supports savings growth

In the first six months, we have paid savers a total of £82.1m. This compares with £71.5m in the same period in 2024. We continue to aim to pay savers the best rates we can, while in parallel investing for the future of our Society.

We have seen increased savings into ISA products this year, attracting our highest ever level of ISA savings of £293m. We strongly believe in the power of tax-free savings as a catalyst for financial wellbeing and have campaigned for the Chancellor to retain the current £20,000 annual limit for savings into cash ISAs. We will continue to make our voice heard as part of the consultation recently announced by the Chancellor at her Mansion House speech this Summer, standing up for the interests of our saver members across the UK.

We have repaid the Term Funding Scheme ('TFSME') and further diversified our funding base

Our strong savings performance enabled us to complete our planned repayment of the Society's TFSME – the four-year funding mechanism that was made available to all retail lenders in the UK by the Bank of England ('BoE') to facilitate retail lending during the COVID-19 pandemic. In February we successfully completed the issuance of our first public Residential Mortgage Backed Security ('RMBS') of £350m.

Our new brand in action

In Autumn 2024 we announced a new branding approach, which we rolled out across our digital estate. At the same time, we rebranded our Beehive Money app to Nottingham Building Society. This brought together our digital savers, branch savings members and mortgage members under one new, vibrant, unified brand.

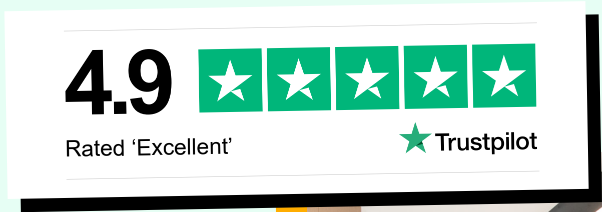
We were thrilled to open our first branch under our new branding, on Clumber Street in the heart of our home city, Nottingham, in June. Almost every aspect of the branch design has been shaped by canvassing the views of our members, who have reacted positively to the new branch and its fresh and welcoming design. We plan to roll out the new brand to several more branches in our network over the next few months.

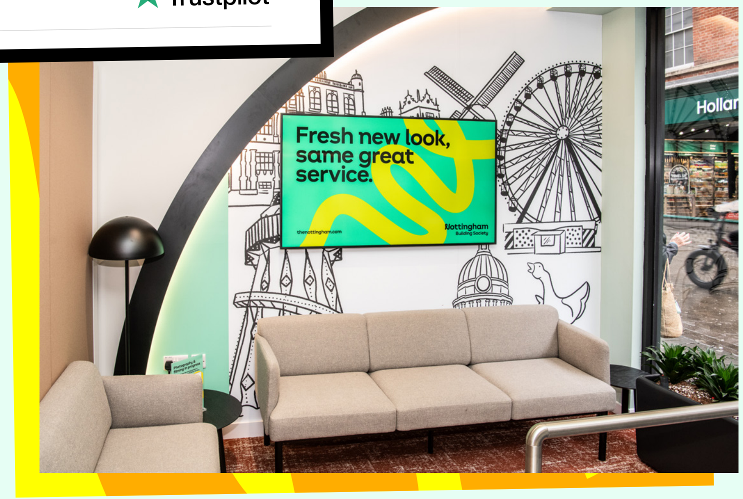
Putting our members at the heart of our thinking

As a mutual building society our members are central to everything we do. We were delighted to maintain our strong Trustpilot rating, at 4.9 out of a possible 5 stars, meaning we continue to be one of the highest rated building societies. Thank you to all members who took the time to leave us a review; your feedback helps us shape our service and product propositions in the future.

Our programme to provide voluntary financial support to members impacted by the actions of Philips Trust Corporation ('PTC') is reaching its final phase, with the majority of payments now passed to the administrators for distribution to members' trusts.

We were delighted to welcome members to our first in person Annual General Meeting ('AGM') and look forward to doing so again in 2026.





Investing in our people

With considerable change on the horizon, we are rolling out a programme of training and development to equip our people with the skills they need to lead and deliver change and shape a more agile organisation.

It is also important that we continue to review the key skills and capabilities we need and to attract / retain the right talent to take us through our transformation. Continuing our focus on members, we have created the new role of Chief Customer Officer, with Sally Gaudion leading on our member strategy and ensuring operational resilience. In addition, Harriet Guevera has moved into the Chief Savings Officer role. We have also appointed Aaron Shinwell who will join us this Summer from one of the mainstream lenders, as our Chief Lending Officer, and Russ Thornton joined us in April to lead our IT agenda as Chief Technology Officer.

A positive impact on our community

Tackling homelessness together with Shelter and Emmanuel House

As a mutual building society, a key priority for us is to make a positive impact in the communities in which we operate and tackle the issue of homelessness. We work in partnership with Emmanuel House, a Nottingham based charity, and with Shelter on a national basis. In April, we announced our renewed partnership with Emmanuel House for a further 12 months and look forward to supporting via volunteering and further financial donations.

We were proud to bring to market a regular savings product that makes a donation to Emmanuel House for every member that takes out the product. We were also delighted to celebrate our new branch opening with the charity, as Denis Tully, Chief Executive Officer ('CEO') of Emmanuel House helped us to open the new branch, signifying our close links and ongoing commitment to both the charity and city.

Outlook

Looking ahead to the remainder of this year we anticipate continued global uncertainty and, as a result, further Bank Rate reductions, which, while good for borrowers means we will have to work harder to offer the best savings rates we can to our branch and digital savings members.

We will continue to make our voice heard on topics that are important to our members, including the possible changes to the ISA regime.

In recent years, the Society has purposefully invested capital to grow the Balance Sheet and strengthen both its people and technology capabilities in order to safely scale the organisation in the future. These investments are essential to maintaining high levels of member service and ensuring the Society remains relevant to the evolving needs of its members.

In the second half of 2025, our focus will be to implement and embed the elements of our transformation programme outlined earlier, with controlled levels of new lending, building a solid platform from which to continue our growth and development in 2026 and beyond. This will enable us to innovate more strongly for the benefit of our members and broker partners.

And as ever, our members, colleagues and the communities we serve will continue to be at the heart of our thinking.

I would like to thank all our members for their continued custom and loyalty, and our colleagues and partners for the incredible contribution you make every day in support of our members.

Sue Hayes
Chief Executive Officer
28th July 2025

Interim Business and Financial Review

A progressive start to 2025

I am pleased to present Nottingham Building Society's financial results for the six-month period ended 30th June 2025.

Basis of preparation

The Board continues to monitor both reported and underlying profit before tax. Reported profit includes certain items which the Board considers to not fully reflect the Society's underlying business performance. As such, underlying profit is also used as a key measure of performance.

Performance is assessed against the Society's strategic objectives using a range of KPIs, encompassing both financial and non-financial metrics. Unless otherwise stated, the financial KPIs referenced relate to the six-month period ended 30th June 2025.

In line with previous reporting periods, the Group excludes from its underlying performance the impact of gains or losses on derivative financial instruments, changes in accounting estimates and net strategic investment costs where applicable. This approach supports the Society's ongoing transformation and excludes items that are non-recurring in nature, such as the impact of the Philips Trust Corporation and asset disposals.

All performance results reported as at 30th June 2025 relate solely to continuing operations.

Anthony Murphy Chief Financial Officer

Key Performance Indicators ('KPIs')

Total Group Basis

£535.1m
Gross new lending
(2024: £525.7m) ↑

£4.4bn
Total mortgage assets
(2024: £3.9bn) ↑

11bps
ECL coverage ratio
(2024: 15bps) ↑

£4.4bn
Total savings balance
(2024: £4.0bn) ↑

£82.1m
Interest paid to savers
(2024: £71.5m) ↑

1.61%
Underlying net interest margin
(2024: 1.87%) ↓

75.2%
Underlying cost to income ratio
(2024: 76.6%) ↑

£8.0m
Profit before tax
(2024: £0.7m) ↑

£11.0m
Underlying profit before tax
(2024: £9.0m) ↑

13.5%
CET1 ratio
(2024: 14.0%) ↓

4.8%
Leverage ratio
(2024: 5.3%) ↓

191.8%
Average LCR
(2024: 169.3%) ↑

↑ Positive movement | ↓ Adverse movement | → Stable

Financial Highlights

- Total mortgage assets grew by 13% to £4,355.5m (June 2024: £3,856.4m);
- Total savings balances grew by 12% to £4,447.6m (June 2024: £3,987.4m);
- Underlying net interest income increased to £42.8m (June 2024: £40.7m), driven by growth in mortgage assets, partially offset by a reduction in Net Interest Margin ('NIM');
- Underlying management expenses rose by £0.8m compared to the prior period, reflecting the cumulative impact of inflation in recent times and continued investment in people and technology to support delivery of strategic objectives;
- Expected Credit Loss ('ECL') coverage ratio reduced to 11bps (June 2024: 15bps), reflecting strong asset quality and reductions in both headline inflation and Bank Rate. The ratio also reduced compared to December 2024 (12bps);
- Underlying profit before tax was £11.0m (June 2024: £9.0m), whilst underlying cost to income ratio remained relatively flat at 75.2% (June 2024: 76.6%);
- Statutory profit before tax was £8m (June 2024: £0.7m), with 2024 impacted by voluntary payments to support members affected by PTC;
- Society maintained a strong liquidity and funding position, with an average Liquidity Coverage Ratio ('LCR') of 191.8% (June 2024: 169.3%); and
- Capital position remained robust, with a CET1 ratio of 13.5% (June 2024: 14.0%) and a leverage ratio of 4.8% (June 2024: 5.3%).

Financial and Business Review

The first half of 2025 has proven to be another productive period for NBS. Building on the strong financial performance delivered in 2024, the business has achieved moderate growth in its mortgage assets alongside resilient underlying profitability.

However, the broader economic environment has become increasingly volatile, influenced in part by the introduction of protectionist trade policies under the Trump administration in the US, contributing to increased global economic uncertainty. While the direct impact on the UK economy has been more muted, the ripple effects of reduced global growth and heightened market volatility have added to the challenges already posed by elevated inflation in recent years. With the headline rate of inflation falling in 2024, the BoE started to reduce the Bank Rate, with two further cuts of 25bps each in February and May 2025.

The Society remains mindful of the external environment and continues to operate from a position of financial strength, adopting a prudent / measured approach to ensure we can best serve our members, colleagues and the communities in which we operate.

In the face of these challenges, we maintain a proactive stance in managing risk over the short to medium term, while carefully balancing the needs of both our savings and mortgage members. Looking further ahead, we will continue to monitor the evolving economic and regulatory landscape, including the anticipated implementation of Basel 3.1 and the Small Domestic Deposit Takers ('SDDT') framework from 1st January 2027 and assess implications for NBS's business model and long-term strategy.

Income Statement

Profitability

The Group generated an underlying profit before tax of £11.0m in the first half of 2025 (2024: £9.0m), reflecting continued growth in mortgage assets and ongoing cost management.

On a statutory basis, profit before tax was £8.0m (2024: £0.7m), with the prior year materially impacted by a provision for voluntary payments made in relation to PTC.

Income Statement	June 2025	June 2024	December 2024
Total Group Basis	**£m**	**£m**	**£m**
Underlying net interest income	42.8	40.7	83.6
Underlying net fees and commissions receivable	-	0.3	0.9
Underlying net income	**42.8**	**41.0**	**84.5**
Management expenses*	(32.2)	(31.4)	(61.7)
Impairment credit / (charge) on loans and advances to members	0.4	(0.6)	-
Underlying profit before tax	**11.0**	**9.0**	**22.8**
(Losses) / gains from derivative financial instruments	(3.3)	3.3	3.9
Net strategic investment costs	(0.7)	(0.9)	(2.6)
Voluntary payment expense associated with PTC	-	(10.7)	(11.2)
Recoveries against PTC expense	0.1	-	1.0
Profit on branch disposal	0.9	-	-
Profit before tax	**8.0**	**0.7**	**13.9**
Tax expense	(2.8)	(0.1)	(4.6)
Profit after tax	**5.2**	**0.6**	**9.3**

* Management expenses consists of administrative expenses, depreciation and amortisation, less net strategic investment costs.

Total income and net interest margin

Underlying net interest income for the six months to 30th June 2025 was £42.8m (June 2024: £40.7m), supported by growth in mortgage lending in recent years, including originations through both the Society's direct channels and Gen H forward flow arrangement.

Underlying NIM declined to 1.61% (2024: 1.87%), reflecting sustained upward pressure on funding costs. In addition, the Society's enhanced liability hedging strategy increases interest payable in the short term; however, it provides a level of protection against future rate volatility.

Funding costs have remained competitive during the first half of 2025, partly due to the ongoing repayment of funding received through the BoE's TFSME scheme utilised across the sector.

Despite these challenges, the Society remains committed to rewarding its members appropriately for their deposits. We have continued to offer competitive savings rates, ensuring our products remain attractive in a dynamic market environment.

As a result, total savings balances have grown to £4,447.6m as at 30th June 2025 (June 2024: £3,987.4m). This growth has been supported by strong performance across both our digital and branch networks, with the latter remaining integral to our multi-channel strategy.

Management expenses

Management expenses continued to rise during the first half of 2025, reflecting sustained investment in both technology and people. These investments are central to supporting the Society's ongoing transformation and delivering on its long-term strategic objectives.

The increase in management expenses represents a 2.5% uplift compared to the same period in 2024 and is consistent with the Society's strategic plan. Despite this rise, the Group's underlying cost to income ratio has fallen to 75.2% (June 2024: 76.6%), with growth in income outweighing growth in costs.

Looking ahead, the Society remains focused on operating efficiently, with a continued emphasis on disciplined cost control as we progress through the next phase of our transformation journey.

Impact of Philips Trust Corporation

The 2024 financial results were affected by a provision of £10.7 million, representing the estimated cost of voluntary payments to affected members. As of 30th June 2025, the majority of these payments have been completed. The remaining provision of £0.7m is considered adequate to cover the outstanding expected payments under the scheme. Additional details can be found in note 16.

Impairment credit / (charge) on loans and advances to members

While inflation has now stabilised at more moderate levels, the cumulative impact of the prolonged inflationary environment and sustained higher borrowing costs continues to weigh on household finances and mortgage affordability.

There has been a further modest increase in the unemployment rate during the period, reflecting a softening in the labour market. However, house prices have remained resilient, with no significant declines observed. This stability has helped to preserve the quality of the Society's mortgage portfolio and limit the need for additional impairment provisions.

Despite the ongoing economic challenges faced by borrowers, there has been no material increase in the number of members falling into arrears. As at 30th June 2025, the proportion of accounts in arrears by three months or more remained low at 0.28% (30th June 2024: 0.20%), reflecting the continued resilience of the mortgage book.

The Society continues to monitor credit risk closely, maintaining a prudent approach to provisioning in light of the evolving economic outlook. Our ECL provision remains stable, with a Coverage Ratio of 11bps as at 30th June 2025 (30th June 2024: 15bps; 31st December 2024: 12bps).

(Losses) / gains from derivative financial instruments

NBS uses derivative financial instruments to manage the interest rate risk arising from its fixed mortgage and savings accounts and applies hedge accounting where possible. Changes in fair value are primarily due to timing differences, which will trend to zero as the asset or liability reaches maturity. (Losses) / gains from derivative financial instruments include:

	June 2025 £m	June 2024 £m	Dec 2024 £m
Fair value movements on swaps held against the mortgage pipeline	(0.2)	1.1	2.1
Amortisation (losses) / gains from the reversal of gains / losses recognised in both the prior and current periods	(1.0)	1.6	0.8
Movements in ineffectiveness of the hedge accounting portfolio	(1.7)	0.7	0.8
Fair value movement associated with micro fair value hedge relationships	(0.2)	(0.1)	-
Fair value movements on swaps associated with the secured funding vehicle	(0.2)	-	0.2
(Losses) / gains from derivative financial instruments	**(3.3)**	**3.3**	**3.9**

Balance Sheet

Following two years of strong growth, we are purposely managing to a lower level of growth across 2025. We want to consolidate our position and ensure a solid platform is in place to support future growth as we embed technology enhancements and capture the benefits of investments made. As such, we have observed moderate growth during the first half of 2025, with total assets growing by 13% to £5.4bn as at 30th June 2025 (30th June 2024: £4.8bn).

Mortgages

Gross mortgage balances similarly increased by 13% compared to 30th June 2024, supported by gross new lending of £535.1m during the six-month period (June 2024: £525.7m). This growth reflects a combination of organic and inorganic mortgage originations, alongside favourable redemption performance. As a result, net lending totalled £0.1bn in the first half of 2025 (June 2024: £0.6bn).

The Society's mortgage book remains concentrated in high-quality prime residential lending. As at 30th June 2025, residential mortgages accounted for 84.4% of the total mortgage portfolio (June 2024: 90.1%). The average indexed Loan to Value ('LTV') of the portfolio stood at 51% (June 2024: 53%), reflecting the continued strength and low-risk profile of the lending book.

Liquid assets

The Society has continued to maintain a strong liquidity and funding position during the first half of 2025, as evidenced by an average LCR of 191.8% (June 2024: 169.3%).

As at 30th June 2025, NBS held £1.0bn in high-quality liquid assets (June 2024: £0.8bn), comprising cash and other assets that are readily realisable when required. In addition to these on-Balance Sheet resources, the Society continues to benefit from access to contingent liquidity through the BoE's Sterling Monetary Framework.

Our liquidity ratios remain comfortably above regulatory minimum requirements, reflecting the Society's prudent approach to liquidity risk management and our commitment to financial resilience.

Retail and wholesale funding

As a purpose-driven building society, we remain focused on providing our members with a secure home for their savings, while offering competitive interest rates. Our savings members play a vital role in enabling us to fulfil our purpose, as their deposits directly support our ambition to help more people into home ownership.

During the first half of 2025, our competitive retail savings offering enabled us to grow savings balances by £0.1bn (June 2024: £0.4bn). The remainder of the Society's funding requirements continues to be met through the wholesale secured and unsecured funding markets. As at 30th June 2025, wholesale funding stood at £0.6bn (June 2024: £0.5bn).

On 5th February 2025, Lace Funding 2025-1 PLC raised £350m of funding in the Group's debut public RMBS issuance and on 7th February 2025, the Society repaid its remaining TFSME funding balance, reducing the amounts owed by the Society to £nil. In addition, the Society held (£164.7m) drawn under a secured bilateral facility (June 2024: £217.5m).

Outlook

NBS continues to navigate a volatile market environment shaped by economic uncertainty and evolving customer expectations.

In the second half of 2025, we are deliberately moderating lending growth to prioritise embedding our new mortgage origination platform and to advance our broader transformation journey. These initiatives are expected to deliver improved operational efficiency and elevate the overall member experience. Collectively, these strategic priorities will position NBS to respond effectively to ongoing market challenges while building stronger foundations to support sustainable, long-term growth.

Anthony Murphy
Chief Financial Officer
28th July 2025

Principal Risks and Uncertainties

The Disclosure and Transparency Rules (DTR 4.2.7R) require that a description of the principal risks and uncertainties are given in the Interim Financial Report.

The Society captures the most material risks to which it is exposed within eight principal risks. These risk categories were updated through revisions to the Risk Management Framework ('RMF') in March 2024. The Society now defines the following eight principal risks:

Strategy & Business Model Risk	The risk that the Society does not have an appropriate strategy and corporate plan to deliver sustainable long-term value to members and / or fails to effectively implement and execute the strategy. Strategy & Business Model Risk includes consideration of climate related risks.
Capital Management	The risk that the Society does not have sufficient capital or allocates it ineffectively. This includes the Society's ability to manage its capital effectively in a range of business and economic environments.
Market & Interest Rate	The risk to the Society's net interest income and economic value arising from changes in market interest rates and mismatches in the Society's Balance Sheet.
Retail Credit	The risk of loss stemming from a borrower's failure to repay a loan or otherwise meet a contractual obligation. [Note: wholesale credit risk is covered under Liquidity & Funding Risk].
Liquidity & Funding	The risk that the Society, although solvent, does not have sufficient financial resources available to meet its obligations as they fall due. This includes consideration of wholesale credit risks.
Legal & Regulatory	The risk that the Society fails to comply with legal and regulatory requirements and / or fails to meet its contractual obligations.
Customer & Conduct	The risk associated with failure to deliver good outcomes for the Society's members
Operational	The risk of loss resulting from human factors, inadequate or failed internal processes and systems or from external events.

The Society continues to identify new or evolving risks through its RMF. The emerging risks remain broadly consistent with those identified at the last financial year end, with the latest position on those risks that have changed since the year end noted as follows:

Economic and trading environment

Much uncertainty remains within the economic environment, which may adversely impact both the Society and its members. NBS has maintained a good quality lending book with historically low arrears rates; however, we recognise the impact both inflation and higher interest rates might have on our mortgage members' ability to remain up-to-date with their payments.

Additionally, the Balance Sheet and Income Statement could also be impacted by volatility in the UK economy.

Trading conditions continue to be challenging, noting that the Society continues to grow and meet its margin targets. NBS is prepared for potential interest rate reductions, which may put pressure on margins.

In addition, the Society successfully issued its first Securitisation in February 2025, which has had the effect of further diversifying the Society's funding mix, mitigating funding risks and improving its cost of funds.

Cyber risk

In line with the Society's increasing digital presence, cyber security risk is a significant operational risk that continues to rank highly on our agenda. Work is constantly undertaken to enhance and monitor the effectiveness of risk management in this space. The allocation of resources to support this will continue, with the help of third parties who are working closely with the Society to ensure information security controls remain robust against the fluid external threat environment.

The maintenance of the existing technology estate and upgrading of systems, software and infrastructure to ensure high levels of member service continues.

Technology change risk

The Society continues to make significant investments in its IT infrastructure, to both enhance its operational resilience and provide enhanced capability to facilitate delivery of its strategic goals.

The inherent operational risks associated with technological change, including potential business disruption and / or operational loss, will be at heightened levels during this transformation period. This has been recognised by the Society and is being managed using a defined change framework, with additional investment in change management capabilities.

Regulatory change

A number of regulatory requirements are currently being delivered. The impact of the incoming Basel 3.1 / SDDT framework represents an area of consideration for the Society. Activities for areas such as Operational Resilience and Consumer Duty are enduring and require continued dedication of resources to facilitate effective embedding, evolution of approaches and ongoing monitoring and management.

Condensed consolidated income statement

for the period ended 30 June 2025

	Notes	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Interest receivable and similar income				
Calculated using the Effective Interest Rate ('EIR') method		141.5	128.2	267.3
Other		4.9	5.5	10.7
Interest receivable and similar income	4	**146.4**	**133.7**	**278.0**
Interest payable and similar charges	5	(103.6)	(93.0)	(194.4)
Net interest income		**42.8**	**40.7**	**83.6**
Fees and commissions receivable		0.9	1.0	2.0
Fees and commissions payable		(0.9)	(0.7)	(1.1)
Net (losses) / gains from derivative financial instruments		(3.3)	3.3	3.9
Total net income		**39.5**	**44.3**	**88.4**
Administrative expenses	6	(30.3)	(29.5)	(59.4)
Depreciation and amortisation		(2.6)	(2.8)	(4.9)
Operating profit before impairment, provisions and disposals		**6.6**	**12.0**	**24.1**
Impairment release / (charge) - loans and advances to members	11	0.4	(0.6)	-
Voluntary payment expense associated with PTC	16	-	(10.7)	(11.2)
Recoveries against Phillips Trust Corporation		0.1	-	1.0
Profit on disposal of premises		0.9	-	-
Profit before tax		**8.0**	**0.7**	**13.9**
Tax expense		(2.8)	(0.1)	(4.6)
Profit after tax for the financial period		**5.2**	**0.6**	**9.3**

A reconciliation from profit before tax for the financial period to underlying profit used by Management can be found on page 10.

Condensed consolidated statement of comprehensive income

for the period ended 30 June 2025

Both the profit for the financial period and total comprehensive income for the period are attributable to the members of the Society.

	Period to 30 June 2025 Unaudited	Period to 30 June 2024 Unaudited	Year ended 31 December 2024 Audited
	£m	£m	£m
Profit for the financial period	**5.2**	**0.6**	**9.3**
Items that will not be re-classified to the Income Statement			
Remeasurements of defined benefit obligation	-	-	0.9
Tax on items that will not be re-classified	-	(0.1)	(0.2)
Items that may subsequently be re-classified to the Income Statement			
Fair Value through Other Comprehensive Income ('FVOCI') reserve			
Valuation gains / (losses) taken to reserves	1.6	0.2	(0.5)
Amounts transferred to Income Statement in relation to micro fair value hedged relationships	(1.4)	0.2	0.3
Loss on disposal of treasury assets taken to Income Statement	-	-	-
Tax on items that may subsequently be reclassified	-	-	-
Other comprehensive income for the period net of income tax	**0.2**	**0.3**	**0.5**
Total comprehensive income for the period	**5.4**	**0.9**	**9.8**

Condensed consolidated statement of financial position

as at 30 June 2024

	Notes	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
Assets				
Cash in hand and balances with the Bank of England		308.5	440.7	441.2
Loans and advances to credit institutions	7	69.8	30.3	21.6
Debt securities	9	574.5	376.5	454.2
Derivative financial instruments		47.6	106.1	80.9
Loans and advances to customers	10	4,365.8	3,797.9	4,201.8
Equity investment		1.1	-	-
Convertible loan notes		-	1.0	1.1
Other assets		9.4	10.4	6.7
Current tax asset		0.2	3.0	-
Property, plant and equipment		8.2	8.2	8.0
Right-of-use assets		2.0	1.4	2.0
Intangible assets		9.6	6.0	8.8
Deferred tax assets		0.4	0.8	0.4
Total assets		**5,397.1**	**4,782.3**	**5,226.7**

	Notes	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
Liabilities				
Shares		4,452.0	3,984.9	4,350.5
Amounts owed to credit institutions		70.4	227.2	327.1
Amounts owed to other members		47.0	32.9	45.4
Debt securities in issue		492.6	217.5	184.7
Derivative financial instruments		37.7	28.1	22.9
Other liabilities and accruals		11.6	10.1	13.2
Lease liabilities		2.4	1.9	2.4
Current tax liabilities		-	-	1.2
Phillips Trust Corporation provision	16	0.7	10.5	2.0
Retirement benefit obligations		-	0.8	-
Subscribed capital	12	24.0	24.0	24.0
Total liabilities		**5,138.4**	**4,537.9**	**4,973.4**
Reserves				
General reserves		258.5	243.8	253.3
Fair value reserves	13	0.2	0.6	-
Total reserves attributable to members of the Society		**258.7**	**244.4**	**253.3**
Total reserves and liabilities		**5,397.1**	**4,782.3**	**5,226.7**

Condensed consolidated statement of changes in members' interests

for the period ended 30 June 2025

	General Reserve £m	FVOCI Reserve £m	Total £m
Balance as at 1st January 2025 (Audited)	253.3	-	253.3
Profit for the period	5.2	-	5.2
Other comprehensive income for the period (net of tax)			
Net gains from changes in fair value	-	0.2	0.2
Remeasurement of defined benefit obligation	-	-	-
Total other comprehensive income	-	0.2	0.2
Total comprehensive income for the period	5.2	0.2	5.4
Balance as at 30th June 2025 (Unaudited)	**258.5**	**0.2**	**258.7**
Balance as at 1st January 2024 (Audited)	243.3	0.2	243.5
Profit for the period	0.6	-	0.6
Other comprehensive (expense) / income for the period (net of tax)			
Net losses from changes in fair value	-	0.4	0.4
Remeasurement of defined benefit obligation	(0.1)	-	(0.1)
Total other comprehensive (expense) / income	(0.1)	0.4	0.3
Total comprehensive income for the period	0.5	0.4	0.9
Balance as at 30th June 2024 (Unaudited)	**243.8**	**0.6**	**244.4**
Balance as at 1st January 2024 (Audited)	243.3	0.2	243.5
Profit for the year	9.3	-	9.3
Other comprehensive income for the period (net of tax)			
Net gains from changes in fair value	0.7	(0.2)	0.5
Total other comprehensive income	0.7	(0.2)	0.5
Total comprehensive income for the period	10.0	(0.2)	9.8
Balance as at 31st December 2024 (Audited)	**253.3**	**-**	**253.3**

Condensed consolidated cash flow statement

for the period ended 30 June 2025

	Notes	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Cash flows from operating activities				
Profit before tax		8.0	0.7	13.9
Depreciation and amortisation		2.6	2.8	5.1
Interest on subscribed capital		1.0	1.0	1.9
Interest on lease payments		-	-	0.1
Profit on disposal of freehold premises		(0.9)	-	-
Net gains on disposal and amortisation of debt securities		-	-	-
(Decrease) / increase in impairment on loans and advances to members		(0.4)	0.6	-
Increase in Phillips Trust Corporation provision		-	10.5	-
		10.3	**15.6**	**21.0**
Changes in operating assets and liabilities				
(Increase) / decrease in loans and advances to credit institutions		(23.6)	7.4	8.8
Decrease / (increase) in derivative assets and other assets		29.2	(6.3)	22.9
Increase in loans and advances to members		(163.6)	(254.6)	(657.9)
Increase in shares		101.5	419.0	784.6
(Decrease) / increase in amounts owed to credit institutions and other members		(255.1)	(76.8)	35.6
Increase in debt securities in issue		307.9	(28.7)	(61.5)
Increase / (decrease) in derivative liabilities, other liabilities and accruals		11.9	(17.1)	(17.2)
(Decrease) / increase in retirement benefit obligation		-	(0.5)	(0.6)
Taxation paid		(4.2)	-	-
Net cash generated from operating activities		**14.3**	**58.0**	**135.7**

	Notes	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Cash flows from investing activities				
Purchase of convertible loan note		-	(1.0)	(1.1)
Purchase of debt securities		(238.2)	(114.3)	(268.1)
Disposal of debt securities		119.5	78.1	153.5
Purchase of property, plant and equipment		(0.7)	(0.3)	(0.7)
Disposal of a freehold premesis		0.9	-	-
Purchase of intangible assets		(2.7)	(2.1)	(6.5)
Net cash used in investing activities		**(121.2)**	**(39.6)**	**(122.9)**
Cash flows from financing activities				
Interest paid on subscribed capital	15	(1.0)	(1.0)	(1.9)
Principal element of lease payments		(0.2)	(0.2)	(0.5)
Net cash used in financing activities		**(1.2)**	**(1.2)**	**(2.4)**
Net (decrease) / increase in cash and cash equivalents		**(108.1)**	**17.2**	**10.4**
Cash and cash equivalents at start of period		449.5	439.1	439.1
Cash and cash equivalents at end of period	8	**341.4**	**456.3**	**449.5**

Notes to the Interim Financial Report

1. Reporting period

These results have been prepared as at 30th June 2025 and disclose the financial performance for the six-month period ended 30th June 2025.

2. Basis of preparation and changes to the Group's accounting policies

Basis of preparation

This condensed consolidated financial report for the six months ended 30th June 2025 has been prepared in accordance with the UK adopted International Accounting Standard 34 and the Disclosure and Transparency Rules of the United Kingdom's ('UK') Financial Conduct Authority ('FCA').

The Interim Financial Report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Annual Reports and Accounts for the year ended 31st December 2024, which have been prepared in accordance with UK adopted IAS.

The Group accounts consolidate the assets, liabilities and results of the Society and its subsidiary undertakings.

New standards, interpretations and amendments adopted by the Group

The accounting policies adopted by the Group in the preparation of its 2025 Interim Financial Report are consistent with those disclosed in the Annual Report and Accounts for the year ended 31st December 2024.

Going concern

Details of the Group's objectives, policies and processes for managing its exposure to liquidity, credit, market, operational, climate change and business risks are contained in the Risk Management Report of the 2024 Annual Report and Accounts.

The Directors are required to make an assessment of the Society's ability to adopt the going concern basis of accounting in the future and the information should cover a period of at least 12 months from the date of signing the financial statements but not be limited to that period. Therefore, the Directors' assessment period over the use of the going concern basis of accounting is for the period to the end of July 2026.

The Society continues to review and update its objectives, policies, processes and risks to ensure they remain relevant and include appropriate downside scenarios in the context of the continuing economic uncertainties created by the cumulative impact of inflation in recent years and ongoing higher interest rates. The key risks associated with the delivery of the Society's strategic plans are outlined on page 13 of this Interim Financial Report.

The Society is forecast to remain compliant with all binding regulatory, liquidity and capital requirements throughout the going concern assessment period, including under stress scenarios. The Society has a surplus above regulatory capital requirements and is forecasting this to remain across the going concern assessment period. Taking this, along with the updated objectives, policies and processes into account, alongside the current economic and regulatory environment, the Directors confirm they are satisfied the Society has adequate resources to continue in business for the foreseeable future and that, therefore, it is appropriate to adopt the going concern basis in preparing this Interim Financial Report.

Significant accounting judgement and estimates

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of the amount, event or actions, actual results ultimately may differ from these estimates. Those items where Management are required to make critical accounting estimates include those disclosed in note 1 of the 2024 Annual Report and Accounts.

3. Segmental reporting

The chief operating decision maker has been identified as the Group Board. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Operating segments are reported in a manner consistent with the internal reporting provided to the Board.

Following the disposal of several subsidiaries in prior years, the remaining trade of the Group relates purely to retail financial services which includes the provision of mortgages, savings, third-party insurance and investments.

Since the Group has only one trade, the results of the financial services business are presented on the face of the Income Statement and as such no separate disclosure is required within this note.

4. Interest receivable and similar income

	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
On loans fully secured on residential property	83.0	65.2	142.4
On other loans	17.3	12.5	27.5
On liquid assets	10.1	12.5	23.3
On instruments held at amortised cost	**110.4**	**90.2**	**193.2**
On debt securities held at FVOCI	11.9	9.7	21.0
On derivatives held to hedge financial assets	19.2	28.3	53.1
On instruments calculated on an EIR basis	**141.5**	**128.2**	**267.3**
On derivatives not in a hedge accounting relationship	4.9	5.5	10.7
	146.4	**133.7**	**278.0**

5. Interest payable and similar charges

	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
On shares held by individuals	82.1	71.5	154.6
On deposits and other borrowings	15.7	15.3	28.2
On subscribed capital	1.0	1.0	2.0
On leases	-	-	0.1
On derivatives held to hedge financial liabilities	4.8	5.2	9.5
	103.6	**93.0**	**194.4**

6. Administrative expenses

	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Wages and salaries	14.2	12.1	24.6
Social security costs	1.6	1.4	2.8
Other pension costs	0.8	0.6	1.1
Total employee costs	**16.6**	**14.1**	**28.5**
Other administrative costs	13.7	15.4	30.9
Total administrative expenses	**30.3**	**29.5**	**59.4**

There are £0.6 million of strategic investment costs included in other continuing administrative costs (30th June 2024: £0.9m; 31st December 2024: £1.2 million).

7. Loans and advances to credit institutions

	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Repayable on call and short notice	32.9	15.6	9.3
Other loans and advances to credit institutions	36.9	14.7	12.3
	69.8	**30.3**	**21.6**

At 30th June 2025, £36.9 million (30th June 2024: £14.7 million; 31st December 2024: £12.3 million) of cash has been deposited by the Group as collateral against derivative contracts.

8. Cash and cash equivalents

	Period to 30 June 2025 Unaudited £m	Period to 30 June 2024 Unaudited £m	Year ended 31 December 2024 Audited £m
Cash in hand and balances with the Bank of England	308.5	440.7	441.2
Loans and advances to credit institutions repayable on call and short notice	32.9	15.6	8.3
	341.4	**456.3**	**449.5**

9. Debt securities

	Note	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
Movement on debt securities during the period may be analysed as follows:				
At 1 January		454.2	340.1	340.1
Additions		238.2	114.3	268.1
Disposals and maturities		(119.5)	(78.1)	(153.5)
Net gains from changes in fair value recognised in other comprehensive income		1.6	0.2	(0.5)
		574.5	**376.5**	**454.2**

10. Loans and advances to customers

	Note	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
Loans fully secured on residential property ('FSRP')		3,676.1	3,372.8	3,650.3
Other loans fully secured on land ('FSOL')		679.4	483.6	589.5
Loans gross balance		**4,355.5**	**3,856.4**	**4,239.8**
Effective interest rate adjustment		5.0	(1.9)	1.7
Provision for impairment losses on loans and advances to customers	11	(4.8)	(5.8)	(5.2)
Fair value adjustment for hedged risk		10.1	(50.8)	(34.5)
		4,365.8	**3,797.9**	**4,201.8**

Other loans fully secured on land represents Secured Business Lending ('SBL') assets.

11. Provision for impairment losses on loans and advances

Impairment provisions have been deducted from the appropriate asset values on the Condensed Consolidated Statement of Financial Position. The gross carrying amounts and ECL allowances are presented in detail below:

	30 June 2025 FSRP £m	30 June 2025 Unaudited FSOL £m	30 June 2025 Total £m	30 June 2024 FSRP £m	30 June 2024 Unaudited FSOL £m	30 June 2024 Total £m	31 December 2024 FSRP £m	31 December 2024 Audited FSOL £m	31 December 2024 Total £m
Gross carrying amount									
Stage 1	3,467.0	648.9	4,115.9	3,034.7	448.3	3,483.0	3,279.7	550.1	3,829.8
Stage 2	185.0	24.5	209.5	319.4	28.4	347.8	351.9	31.9	383.8
Stage 3	24.1	6.0	30.1	18.7	6.9	25.6	18.7	7.5	26.2
	3,676.1	**679.4**	**4,355.5**	**3,372.8**	**483.6**	**3,856.4**	**3,650.3**	**589.5**	**4,239.8**

	30 June 2025 FSRP £m	30 June 2025 Unaudited FSOL £m	30 June 2025 Total £m	30 June 2024 FSRP £m	30 June 2024 Unaudited FSOL £m	30 June 2024 Total £m	31 December 2024 FSRP £m	31 December 2024 Audited FSOL £m	31 December 2024 Total £m
Expected credit loss allowance									
Stage 1	2.0	1.3	3.3	3.0	1.4	4.4	2.4	1.3	3.7
Stage 2	0.6	0.3	0.9	0.7	0.2	0.9	0.6	0.3	0.9
Stage 3	0.3	0.3	0.6	0.1	0.4	0.5	0.1	0.5	0.6
	2.9	**1.9**	**4.8**	**3.8**	**2.0**	**5.8**	**3.1**	**2.1**	**5.2**

The underlying credit risk of the mortgage portfolio has improved compared to both 31st December 2024 and 30th June 2024. While household expenditure continues to face pressure from the cumulative impact of inflation, an uplift in both actual and forecast House Price Index ('HPI') as at 30th June 2025 (relative to 31st December 2024 and 30th June 2024) has contributed to a lower projected Loss Given Default ('LGD').

The total Expected Credit Loss ('ECL') provision has reduced by £0.4 million since 31st December 2024, primarily due to:

- Improvements in the macroeconomic outlook included within the model as at 30th June 2025;
- A reduction in the Post Model Adjustment ('PMA') applied to Probability of Default (PD) for Residential and Buy-to-Let exposures, from 6% to 5%; and
- Refinements to the staging criteria, which has resulted in fewer prime credit accounts transitioning into Stage 2.

The Society's ECL coverage ratio (provision as a percentage of gross loans) amounts to 11bps at 30th June 2025 (30th June 2024: 15bps; 31st December 2024: 12bps). At 30th June 2025, £12.3m of balances were over 3 months in arrears (31st December 2024: £9.0m, 30th June 2024: £7.6m), representing 0.28% of the total mortgage book value (31st December 2024: 0.21%; 30th June 2024: 0.20%). As at 30th June 2025, 0.32% of mortgage members have some sort of contractual forbearance arrangement in place (31st December 2024: 0.30%; 30th June 2024: 0.31%). Further details of the Society's arrears and forbearance cases are disclosed in note 14 to this Interim Financial Report.

11. Provision for impairment losses on loans and advances (continued)

Post model adjustment

Due to the ongoing level of uncertainty in the economy, at 30th June 2025, the Society has applied a stress to the base Probability of Default ('PD') used within its core ECL models to reflect Management's view that there will be an impact on affordability as a result of continuing inflationary pressures. However, as the macroeconomic climate evolves, and with the anticipated Bank Rate reductions, the PD stress rate applied to Residential and BTL has been reduced slightly compared to the prior year, which has released a proportion of the PMA.

As a result of the PD stress applied, an overlay ECL allowance of £3.2m (31st December 2024: £3.8m; 30th June 2024: £4.3m) has been recognised. This is calculated within the core underlying models with an absolute 5% PD uplift applied to the base modelled Retail PD assumptions (31st December 2024: 6%; 30th June 2024: 7%) and 4% to the SBL PD assumptions (31st December 2024: 4%; 30th June 2024: 4%).

Economic variables of HPI and unemployment are provided by a reputable third-party and are significant assumptions in the ECL model calculation. Inflation is not a predominant input to the model but the cumulative impact of higher inflation, results in a greater and more sustained risk to affordability. As a result, Management have applied judgement and adjusted the level of PD stress for residential borrowers to reflect this in the post model adjustment.

Income statement

The (release) / charge to the Income Statement is summarised below:

	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
(Release) / charge of provision for impairment			
Loans fully secured on residential property	(0.4)	0.5	(0.4)
Other loans fully secured on land	-	0.1	0.4
	(0.4)	**0.6**	**-**

11. Provision for impairment losses on loans and advances (continued)

The tables below reconciles the movement in both gross balances and expected credit losses in the period.

Gross balances	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2025	3,829.8	383.8	26.2	4,239.8
Stage transfers:				
Transfers from Stage 1 to Stage 2	(85.5)	85.5	-	-
Transfers to Stage 3	(2.6)	(6.1)	8.7	-
Transfers from Stage 2 to Stage 1	183.9	(183.9)	-	-
Transfers from Stage 3	3.1	0.8	(3.9)	-
Net movement arising from transfer of stage	**98.9**	**(103.7)**	**4.8**	**-**
New assets originated[1]	530.6	0.8	0.9	532.3
Further lending / repayments and redemptions	(343.4)	(71.4)	(1.8)	(416.6)
At 30 June 2025	**4,115.9**	**209.5**	**30.1**	**4,355.5**

Expected credit loss allowance	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2025	3.7	0.9	0.6	5.2
Stage transfers:				
Transfers from Stage 1 to Stage 2	(0.1)	0.1	-	-
Transfers to Stage 3	-	(0.1)	0.1	-
Transfers from Stage 2 to Stage 1	0.3	(0.3)	-	-
	0.1	-	(0.1)	-
Net movement arising from transfer of stage	**0.3**	**(0.3)**	**-**	**-**
New assets originated[1]	0.6	-	-	0.6
Further lending / repayments and redemptions	(1.0)	-	(0.2)	(1.2)
Changes in risk parameters in relation to credit quality	(0.3)	0.3	0.2	0.2
At 30 June 2025	**3.3**	**0.9**	**0.6**	**4.8**

[1] New assets originated enter at Stage 1. The balances presented are the final position as at 30th June 2025.

11. Provision for impairment losses on loans and advances (continued)

The tables below reconciles the movement in both gross balances and expected credit losses in the period.

Gross balances	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2024	3,185.2	384.9	22.3	3,592.4
Stage transfers:				
Transfers from Stage 1 to Stage 2	(182.8)	182.8	-	-
Transfers to Stage 3	(5.8)	(2.2)	8.0	-
Transfers from Stage 2 to Stage 1	131.5	(131.5)	-	-
Transfers from Stage 3	2.2	0.9	(3.1)	-
Net movement arising from transfer of stage	**(54.9)**	**50.0**	**4.9**	**-**
New assets originated[1]	518.4	1.6	0.4	520.4
Further lending / repayments and redemptions	(165.5)	(88.8)	(2.1)	(256.4)
At 30 June 2024	**3,483.2**	**347.7**	**25.5**	**3,856.4**

Expected credit loss allowance	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2024	4.1	0.7	0.4	5.2
Stage transfers:				
Transfers from Stage 1 to Stage 2	(0.2)	0.2	-	-
Transfers to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	0.2	(0.2)	-	-
Net movement arising from transfer of stage	**-**	**-**	**-**	**-**
New assets originated[1]	0.6	-	-	0.6
Further lending / repayments and redemptions	(0.3)	-	-	(0.3)
Changes in risk parameters in relation to credit quality	-	0.2	0.1	0.3
At 30 June 2024	**4.4**	**0.9**	**0.5**	**5.8**

[1] New assets originated enter at Stage 1. The balances presented are the final position as at 30th June 2024.

11. Provision for impairment losses on loans and advances (continued)

The tables below reconciles the movement in both gross balances and expected credit losses in the period.

Gross balances	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2024	3,185.2	384.9	22.3	3,592.4
Stage transfers:				
Transfers from Stage 1 to Stage 2	(257.6)	257.6	-	-
Transfers to Stage 3	(7.1)	(4.4)	11.5	-
Transfers from Stage 2 to Stage 1	147.1	(147.1)	-	-
Transfers from Stage 3	3.0	2.0	(5.0)	-
Net movement arising from transfer of stage	**(114.6)**	**108.1**	**6.5**	**-**
New assets originated[1]	1,185.6	14.7	1.6	1,201.9
Further lending / repayments and redemptions	(426.4)	(123.9)	(4.2)	(554.5)
At 31 December 2024	**3,829.8**	**383.8**	**26.2**	**4,239.8**

Expected credit loss allowance	Non-credit impaired		Credit impaired	
	Subject to 12 month ECL Stage 1 £m	Subject to lifetime ECL Stage 2 £m	Subject to lifetime ECL Stage 3 £m	Total £m
At 1 January 2024	4.1	0.7	0.4	5.2
Stage transfers:				
Transfers from Stage 1 to Stage 2	(0.2)	0.2	-	-
Transfers to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	0.2	(0.2)	-	-
Transfers from Stage 3	-	-	-	-
Net movement arising from transfer of stage	**-**	**-**	**-**	**-**
New assets originated[1]	1.3	0.1	-	1.4
Further lending / repayments and redemptions	(1.5)	(0.2)	-	(1.7)
Changes in risk parameters in relation to credit quality	(0.2)	0.3	0.2	0.3
At 31 December 2024	**3.7**	**0.9**	**0.6**	**5.2**

[1] New assets originated enter at Stage 1. The balances presented are the final position as at 31st December 2024.

11. Provision for impairment losses on loans and advances (continued)

Forward-looking information incorporated in the ECL models

The assessment of Significant Increase in Credit Risk ('SICR') and the calculation of ECL both incorporate forward-looking information, which takes into account key economic impacts such as inflation, interest rates and the wars in Ukraine and the Middle East. Key economic variables have been determined by Management, but expert judgement is also applied. Forecasts of these economic variables are provided by a reputable third-party, providing a best estimate view of the economy over the next five years. After five years a mean reversion approach is used (i.e. long-run averages).

In addition to the base economic scenario forecast, other possible scenarios along with scenario weightings are obtained, of which Management have applied four scenarios in the model calculations.

	Weighting
Base Base economic scenario assumes weaker global growth, tighter financial conditions and elevated uncertainty which weighs on UK Gross Domestic Product ('GDP') growth in both 2025 and 2026. The unemployment rate is expected to continue rising gradually, placing more downward pressure on wage growth. In addition, the lagged impact of past increases in energy prices / core inflation push headline inflation back over 3%. Weaker growth will convince the BoE to continue cutting interest rates.	40%
Upside Upside scenario assumes that the US trade war quickly de-escalates and the intensive phase of the war in Ukraine ends. On the demand side, these positive developments relieve recession concerns, causing an uptick in consumer and business sentiment. On the supply side, improved energy security, a total removal of supply bottlenecks and efficiency gains usher in a period of rapid productivity growth. The strong economy consolidates support for the Labour government, which further supports effective reforms and investment.	30%
Downside Downside scenario reflects increasing concerns around global growth, largely driven by the escalating US trade war. Geopolitical tensions rise on fears that the war in Ukraine will spill over into neighbouring states and tensions between China and the US increase, leading to temporary barriers to shipping along the Taiwan Strait. Political risks in Europe intensify and pressure sovereigns. The resulting increase in risk aversion results in a sell-off in global financial markets that sets the scene for a moderate but lengthy recession. BoE does not act fast enough to accommodate the slumping economy.	23%
Severe downside In the Severe Downside scenario, the global economy falls into a sharp recession due to the escalating trade war. The risk that the war in Ukraine will escalate to the point where NATO is forced to enter the conflict becomes acute and heightened geopolitical tensions between the US and China lead to significant barriers to shipping.	7%

11. Provision for impairment losses on loans and advances (continued)

Forward-looking information incorporated in the ECL models (continued)

The summary below outlines the forward-looking assumptions under IFRS 9, over the five year planning horizon across the Upside, Base, Downside and Severe Downside scenarios:

As at 30 June 2025		2025 %	2026 %	2027 %	2028 %	2029 %
Unemployment rate	Upside	4.1	3.9	3.8	4.0	4.2
	Base	4.6	4.7	4.7	4.7	4.8
	Downside	5.5	7.4	7.4	7.2	6.6
	Severe downside	5.7	8.7	8.3	8.2	7.7
House price index	Upside	10.0	13.4	2.5	(2.5)	(1.4)
Annual increase /	Base	4.2	3.2	2.6	1.4	2.1
(reduction)	Downside	(1.5)	(9.1)	(2.1)	2.9	5.6
	Severe downside	(3.5)	(16.3)	(2.9)	2.5	4.2
BoE interest rate	Upside	4.0	3.3	2.6	2.5	2.5
	Base	3.9	2.8	2.5	2.5	2.5
	Downside	3.3	1.2	1.1	1.6	1.8
	Severe downside	2.7	0.8	0.7	0.9	1.0

A significant degree of estimation relates to the relative weightings of the economic scenarios. In order to demonstrate this sensitivity, the impact of applying 100% of a particular scenario on 30th June 2025 reported ECL position output is shown below:

30 June 2024	ECL Provision £m	(Decrease) / Increase £m	(Decrease) / Increase %
IFRS 9 weighted average	**4.8**	-	-
Upside	**3.8**	(1.0)	(20.8)
Base	**2.4**	(2.4)	(50.0)
Downside	**7.6**	2.8	58.3
Severe Downside	**10.9**	6.2	129.2

12. Subscribed Capital

	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
7.875% Sterling Permanent Interest Bearing Shares	23.9	23.9	23.9
Fair value adjustment for hedged risk	0.1	0.1	0.1
	24.0	**24.0**	**24.0**

The subscribed capital was issued for an indeterminate period and is only repayable in the event of the winding up of the Society. The holders of the subscribed capital do not have any right to a residual interest in the Society.

13. Fair value reserves

	30 June 2025 Unaudited £m	30 June 2024 Unaudited £m	31 December 2024 Audited £m
Fair value reserve			
At 1 January	-	0.2	0.2
Amounts transferred to Income Statement on micro hedged relationships	(1.4)	0.2	0.3
Fair value gains / (losses) on treasury assets	1.6	0.2	(0.5)
	0.2	**0.6**	**-**

Amounts within the FVOCI reserve are transferred to the Income Statement upon the disposal of debt securities.

14. Financial instruments

Classification & Measurement

A financial instrument is a contract that gives rise to a financial asset or financial liability. The Society is a retailer of financial instruments, mainly in the form of mortgages and savings products. The Group uses wholesale financial instruments to invest in liquid assets, raise wholesale funding and to manage the risks arising from its operations.

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost. The tables below analyses the Group's assets and liabilities by financial classification:

Carrying values by category

	Held at amortised cost	Held at fair value			
As at 30 June 2025	**Financial assets and liabilities at amortised cost**	**Fair value through other comprehensive income**	**Designated as fair value through P&L**	**Unmatched derivatives**	**Total**
Unaudited	**£m**	**£m**	**£m**	**£m**	**£m**
Financial assets					
Cash in hand and balances with the Bank of England	308.5	-	-	-	308.5
Loans and advances to credit institutions	69.8	-	-	-	69.8
Debt securities	-	574.5	-	-	574.5
Derivative financial instruments	-	-	47.5	0.1	47.6
Loans and advances to members	4,365.8	-	-	-	4,365.8
Equity investment	-	-	1.1	-	1.1
Other Assets	29.8	-	-	-	29.8
	4,773.9	**574.5**	**48.6**	**0.1**	**5,397.1**
Financial liabilities					
Shares	4,452.0	-	-	-	4,452.0
Amounts owed to credit institutions	70.4	-	-	-	70.4
Amounts owed to other members	47.0	-	-	-	47.0
Debt securities in issue	492.6	-	-	-	492.6
Derivative financial instruments	-	-	37.5	0.2	37.7
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	14.7	-	-	-	14.7
	5,100.7	**-**	**37.5**	**0.2**	**5,138.4**

14. Financial instruments (continued)

Classification & Measurement (continued)

Carrying values by category

	Held at amortised cost	Held at fair value			
As at 30 June 2024	**Financial assets and liabilities at amortised cost**	**Fair value through other comprehensive income**	**Designated as fair value through P&L**	**Unmatched derivatives**	**Total**
Unaudited	**£m**	**£m**	**£m**	**£m**	**£m**
Financial assets					
Cash in hand and balances with the Bank of England	440.7	-	-	-	440.7
Loans and advances to credit institutions	30.3	-	-	-	30.3
Debt securities	-	376.5	-	-	376.5
Derivative financial instruments	-	-	105.9	0.2	106.1
Loans and advances to members	3,797.9	-	-	-	3,797.9
Convertible loan notes	-	-	1.0	-	1.0
Other Assets	29.8	-	-	-	29.8
	4,298.7	**376.5**	**106.9**	**0.2**	**4,782.3**
Financial liabilities					
Shares	3,984.9	-	-	-	3,984.9
Amounts owed to credit institutions	227.2	-	-	-	227.2
Amounts owed to other members	32.9	-	-	-	32.9
Debt securities in issue	217.5	-	-	-	217.5
Derivative financial instruments	-	-	28.1	-	28.1
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	23.3	-	-	-	23.3
	4,509.8	**-**	**28.1**	**-**	**4,537.9**

14. Financial instruments (continued)

Classification & Measurement (continued)

Carrying values by category

As at 31 December 2024	Held at amortised cost	Held at fair value			
	Financial assets and liabilities at amortised cost	Fair value through other comprehensive income	Designated as fair value through P&L	Unmatched derivatives	Total
Audited	**£m**	**£m**	**£m**	**£m**	**£m**
Financial assets					
Cash in hand and balances with the Bank of England	441.2	-	-	-	441.2
Loans and advances to credit institutions	21.6	-	-	-	21.6
Debt securities	-	454.2	-	-	454.2
Derivative financial instruments	-	-	69.0	11.9	80.9
Loans and advances to members	4,201.8	-	-	-	4,201.8
Convertible loan notes	-	-	1.1	-	1.1
Other Assets	25.9	-	-	-	25.9
	4,690.5	**454.2**	**70.1**	**11.9**	**5,226.7**
Financial liabilities					
Shares	4,350.5	-	-	-	4,350.5
Amounts owed to credit institutions	327.1	-	-	-	327.1
Amounts owed to other members	45.4	-	-	-	45.4
Debt securities in issue	184.7	-	-	-	184.7
Derivative financial instruments	-	-	11.0	11.9	22.9
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	18.8	-	-	-	18.8
	4,950.5	**-**	**11.0**	**11.9**	**4,973.4**

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at amortised cost

The table below analyses the book and fair values of the Group's financial instruments held at amortised cost:

		30 June 2025 Unaudited Book value £m	30 June 2025 Unaudited Fair value £m	30 June 2024 Unaudited Book value £m	30 June 2024 Unaudited Fair value £m	31 December 2024 Audited Book value £m	31 December 2024 Audited Fair value £m
Financial assets							
Cash in hand and balances with the Bank of England	a	308.5	308.5	440.7	440.7	441.2	441.2
Loans and advances to credit institutions	b	69.8	69.8	30.3	30.3	21.6	21.6
Loans and advances to customers	c	4,365.8	4,397.7	3,797.9	3,793.1	4,201.8	4,229.8
Financial liabilities							
Shares	d	4,452.0	4,445.2	3,984.9	3,977.7	4,350.5	4,347.7
Amounts owed to credit institutions	d	70.4	70.4	227.2	227.2	327.1	327.1
Amounts owed to other members	d	47.0	47.0	32.9	32.9	45.4	45.5
Debt securities in issue	e	492.6	492.6	217.5	217.5	184.7	184.7
Subscribed capital	f	24.0	29.0	24.0	25.2	24.0	26.1

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The estimated fair value of the financial assets and liabilities above has been calculated using the following valuation methodology:

a) Cash in hand – Level 1

The fair value of cash in hand and deposits with central banks is the amount repayable on demand.

b) Loans and advances to credit institutions – Level 2

The fair value of overnight deposits is the amount repayable on demand. The estimated fair value of collateral loans and advances to credit institutions is derived using valuation techniques that use observable market inputs.

c) Loans and advances to customers – Level 3

Loans and advances are recorded net of provisions for impairment together with the fair value adjustment for hedged items. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received taking account of expected prepayment rates.

Estimated cash flows are discounted at prevailing market rates for items of similar remaining maturity. The fair values have been adjusted where necessary to reflect any observable market conditions at the time of valuation.

d) Shares, deposits and borrowings – Level 3

The fair value of shares and deposits and other borrowings with no stated maturity is the amount repayable on demand.

The fair value of fixed interest bearing deposits and other borrowings without a quoted market price is based on expected future cash flows determined by the contractual terms and conditions discounted at prevailing market rates for items of similar remaining maturity.

e) Debt securities in issue – Level 2

The fair value is calculated using a discounted cash flow model. Expected cash flows are discounted at prevailing market rates for items of similar remaining maturity.

f) Subscribed capital – Level 1

The estimated fair value of fixed interest bearing debt is based on its active market price as at the period end.

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at fair value

The table below summarises the fair values of the Group's financial assets and liabilities that are accounted for at fair value, analysed by the valuation methodology used by the Group to derive the financial instruments fair value:

30 June 2025 Unaudited	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair value £m
Financial assets				
FVOCI - Debt securities	574.5	-	-	574.5
Derivative financial instruments - Interest rate swaps	-	47.6		47.6
Equity investment	-	-	1.1	1.1
	574.5	**47.6**	**1.1**	**623.2**
Financial liabilities				
Derivative financial instruments - Interest rate swaps	-	(37.7)	-	(37.7)
	-	**(37.7)**	**-**	**(37.7)**

30 June 2024 Unaudited	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair value £m
Financial assets				
FVOCI - Debt securities	376.5	-	-	376.5
Derivative financial instruments - Interest rate swaps	-	106.1	-	106.1
Convertible loan notes	-	-	1.0	1.0
	376.5	**106.1**	**1.0**	**483.6**
Financial liabilities				
Derivative financial instruments - Interest rate swaps	-	(28.1)	-	(28.1)
	-	(28.1)	-	(28.1)

31 December 2024 Audited	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair value £m
Financial assets				
FVOCI - Debt securities	454.2	-	-	454.2
Convertible loan notes	-	-	1.1	1.1
Derivative financial instruments - Interest rate swaps	-	80.9	-	80.9
	454.2	**80.9**	**1.1**	**536.2**
Financial liabilities				
Derivative financial instruments - Interest rate swaps	-	(22.9)	-	(22.9)
	-	**(22.9)**	**-**	**(22.9)**

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at fair value (continued)

Valuation techniques

The following is a description of the determination of fair value for financial instruments which are accounted for at fair value using valuation techniques.

The fair value hierarchy detailed in IFRS 13: 'Fair Value Measurement' splits the source of input when deriving fair values into three levels, as follows:

- **Level 1** – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2** – inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly; and
- **Level 3** – inputs for the asset or liability that are not based on observable market data.

The main valuation techniques employed by the Group to establish the fair value of the financial instruments disclosed are set out below:

Debt securities

Market prices have been used to determine the fair value of listed debt securities.

Interest rate swaps

The valuation of interest rate swaps is also based on the 'present value' method. Expected interest cash flows are discounted using the prevailing SONIA yield curves. The yield curves are generally observable market data which is derived from quoted interest rates in similar time bandings which match the timings of the interest cash flows and maturities of the instruments. All swaps are fully collateralised and therefore no adjustment is required for credit risk in the fair value of derivatives.

Convertible loan notes

The fair value of convertible loan notes at inception is equal to the transaction price. The subsequent valuation model takes account of the outstanding debt, conversion options and potential future equity value.

Equity investment

Fair value of the equity investment at inception is equal to the transaction price. The subsequent valuation model takes account of the anticipated future exit valuation based on a multiples-based approach prior to discounting the future valuation back to present value.

Transfers between fair value hierarchies

Transfers between fair value hierarchies occur when either it becomes possible to value a financial instrument using a method that is higher up the valuation hierarchy or it is no longer possible to value it using the current method and it must instead be valued using a method lower down the hierarchy. There have been no transfers during the current or previously reported periods.

Credit risk

The Group's maximum credit risk exposure is detailed in the table below:

	30 June 2025	30 June 2024	31 December 2024
	Unaudited	Unaudited	Audited
	£m	£m	£m
Credit risk exposure			
Cash in hand and balances with the Bank of England	308.5	440.7	441.2
Loans and advances to credit institutions	69.8	30.3	21.6
Debt securities	574.5	376.5	454.2
Derivative financial instruments	47.6	106.1	80.9
Loans and advances to members	4,365.8	3,797.9	4,201.8
Equity investment	1.1	-	-
Convertible loan notes	-	1.0	1.1
Total statement of financial position exposure	**5,367.3**	**4,752.5**	**5,200.8**
Off-Balance Sheet exposure – mortgage commitments	254.4	417.5	453.1
	5,621.7	**5,170.0**	**5,653.9**

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at fair value (continued)

a) Loans and advances to credit institutions, debt securities and derivative financial instruments

The percentage of these exposures (including cash in hand and balances with the Bank of England) that are rated A or better at 30th June 2025 is 100% (30th June 2024: 100%; 31st December 2024: 100%).

The Group has no exposure to foreign exchange risk as all instruments are denominated in Sterling.

All of the Group's treasury assets are classified as Stage 1 for ECL calculation purposes under IFRS 9 and there are no impairment charges against any of the Group's treasury assets at 30th June 2025 (30th June 2024: £nil; 31st December 2024: £nil).

b) Loans and advances to customers

Loans and advances to members are predominately made up of retail loans fully secured against UK residential property of £3,564.1m, split between residential and BTL loans with the remaining £679.4m being secured on commercial property. The Group operates throughout England & Wales with the portfolio spread throughout the geographic regions.

Retail loans

Loans fully secured on residential property are split between residential and BTL. At 30th June 2025, the simple average indexed LTV of retail mortgages is 51.3% (30th June 2024: 52%; 31st December 2024: 52.4%).

The table below provides information on retail gross loans and ECL stages split by the number of Days Past Due ('DPD'):

	30 June 2025 Unaudited		30 June 2024 Unaudited		31 December 2024 Audited	
	Gross Loans £m	ECL £m	Gross Loans £m	ECL £m	Gross Loans £m	ECL £m
Stage 1: *12 month expected credit losses*						
< 30 days past due	3,467.0	1.9	3,034.7	3.0	3,279.7	2.3
Stage 2: *Lifetime expected credit losses*						
< 30 days past due	173.0	0.5	309.2	0.6	338.8	0.6
> 30 days past due	12.0	0.1	10.2	0.1	13.1	0.1
Stage 3: *Lifetime expected credit losses*						
< 90 days past due	14.1	0.1	13.1	0.1	11.6	0.1
> 90 days past due	10.0	0.3	5.6	-	7.1	-
	3,676.1	**2.9**	**3,372.8**	**3.8**	**3,650.3**	**3.1**

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at fair value (continued)

Secured Business Loans

SBL's are primarily made available to small and medium sized enterprises for either owner occupied or investment property purposes. Loans are also only granted against the 'bricks and mortar' of the property and not against working capital or machinery.

The average indexed LTV of secured business loans is 60.1% (30th June 2024: 60.8%; 31st December 2024: 50.9%).

The table below provides information on SBL gross loans and ECL stages split by the number of DPD:

	30 June 2025 Unaudited		30 June 2024 Unaudited		31 December 2024 Audited	
	Gross Loans £m	ECL £m	Gross Loans £m	ECL £m	Gross Loans £m	ECL £m
Stage 1: *12 month expected credit losses*						
< 30 days past due	648.9	1.3	448.3	1.4	550.0	1.4
Stage 2: *Lifetime expected credit losses*						
< 30 days past due	20.5	0.2	26.0	0.2	29.9	0.3
> 30 days past due	4.0	-	2.4	-	2.0	-
Stage 3: *Lifetime expected credit losses*						
< 90 days past due	3.7	0.2	5.1	0.2	5.7	0.2
> 90 days past due	2.3	0.2	1.8	0.2	1.9	0.2
	679.4	**1.9**	**483.6**	**2.0**	**589.5**	**2.1**

14. Financial instruments (continued)

Fair values of financial assets and liabilities carried at fair value (continued)

Forbearance

Where appropriate for members' needs, the Group applies a policy of forbearance and may grant a concession to borrowers. This may be applied where actual or apparent financial stress of the member is considered to be short-term with a potential to be recovered. A concession may involve reduced payments, capitalisation of arrears or mortgage term extension.

All forbearance arrangements are formally discussed with the member and reviewed by Management prior to acceptance of the forbearance arrangement. By offering members in financial difficulty the option of forbearance the Society potentially exposes itself to an increased level of risk through prolonging the period of non-contractual payment and / or potentially placing the member into a detrimental position at the end of the forbearance period. Regular monitoring of the level and different types of forbearance activity are reviewed by Management and reported to the Board.

At 30th June 2025, there were 58 forbearance cases within the retail loans category (30th June 2024: 55; 31st December 2024: 48) and 25 cases within the SBL loans category (30th June 2024: 22; 31st December 2024: 28).

15. Notes to the cash flow statements

	Period to 30 June 2025 Unaudited	Period to 30 June 2024 Unaudited	Year ended 31 December 2024 Audited
	£m	£m	£m
Changes in liabilities arising from financing activities			
Subscribed capital at 1 January	23.9	23.9	23.9
Accrued interest	1.0	1.0	1.9
Cash flows	(1.0)	(1.0)	(1.9)
Subscribed capital at end of period	**23.9**	**23.9**	**23.9**

16. Philips Trust Corporation provision

	30 June 2025 Unaudited
	£m
Balance at 1 January 2024	-
Anticipated costs associated with voluntary payments	11.2
Utilised in period	(9.2)
Balance at 31 December 2024 (audited)	**2.0**
Anticipated costs associated with voluntary payments	-
Utilised in period	(1.3)
Balance at 30 June 2025 (unaudited)	**0.7**

The announcement made by the Society in May 2024 created a constructive obligation to make voluntary payments relating to PTC. A provision has been established to reflect the best estimate of the liability based on information supplied by the administrator of PTC. The administrator has written to those impacted to outline the level of support available and as the Society anticipates all remaining payments will be made within the next 12-months, no discounting has been applied. As of 30th June 2025, the majority of the voluntary payments have been completed. The remaining provision of £0.7m is considered adequate to cover the outstanding expected payments under the scheme.

The Society has recovered £1.0m of funds through the administration process in 2024 and a further £0.1m in the first half of 2025. As both the amount and timing of any further recoveries is uncertain, no allowance has been made for any additional recoveries. At 30th June 2025, there was relative certainty over the payments to be made in 2025 associated with Philips Trust Corporation. As such, the provision is not considered to be particularly sensitive.

Responsibility Statement

The Directors confirm that this Interim Financial Report has been prepared in accordance with UK adopted IAS 34 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules of the UK's FCA. The interim management report includes a fair review of the important events that have occurred during the first six months of the financial year and their impact on the Interim Financial Report, as required by the Disclosure and Transparency Rules (DTR 4.2.7). The principal risks and uncertainties continue to be those reported within the Strategic Report on pages 23 to 26 and within the Risk Management Report starting on page 47 of the 2024 Annual Report and Accounts and those detailed on page 13 of this Interim Financial Report.

A full list of the Board of Directors can be found in the 2024 Annual Reports and Accounts.

Signed on behalf of the Board on 28th July 2025 by:

Susan Hayes
Chief Executive Officer

Anthony Murphy
Chief Financial Officer

Independent review report to Nottingham Building Society

Conclusion

We have been engaged by the Society to review the condensed set of financial statements in the Interim Financial Report for the six months ended 30th June 2025 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Members' Interests, Condensed Consolidated Cash Flow Statement and the related explanatory notes 1 to 16. We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Financial Report for the six months ended 30th June 2025 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Society are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this Interim Financial Report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusions relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis of Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the Directors

The directors are responsible for preparing the Interim Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the Interim Financial Report, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the review of the financial information

In reviewing the Interim Financial Report, we are responsible for expressing to the Society a conclusion on the condensed set of financial statements in the Interim Financial Report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Society in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Edinburgh
28th July 2025

Other information

The Interim Financial Report information set out in this document is unaudited and does not constitute accounts within the meaning of section 73 of the Building Societies Act 1986.

The financial information for the year ended 31st December 2024 has been extracted from the Annual Report and Accounts for that year. The Annual Report and Accounts for the year ended 31st December 2024 have been filed with the FCA. The Auditors' Report on these Annual Report and Accounts was unqualified.

A copy of the Interim Financial Report is placed on the website of the Nottingham, at www.thenottingham.com. The Directors are responsible for the maintenance and integrity of the information on the Society's website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Nottingham
Building Society