Interim Financial Report

30th June 2026

Nottingham Building Society

Key Highlights

2,420
New mortgage customers
(2025: 4,076) ▼

£336.8m
Gross new lending
(2025: £535.1m) ▼

4.8☆
Trustpilot score
(2025: 4.9) ▼

£72.6m
Total interest paid to savers
(2025: £82.1m) ▼

74.2%
Net promoter score
(2025: 63.6%) ▲

1,865hrs
Colleague volunteering
(2025: 1,501) ▲

£4.2bn
Total mortgage assets
(2025: £4.4bn) ▼

1.50%
Net interest margin
(2025: 1.61%) ▼

11bps
ECL coverage ratio
(2025: 11bps) ▶

£4.6bn
Total savings balance
(2025: £4.4bn) ▲

£6.2m
Profit before tax
(2025: £8.0m) ▼

£9.6m
Underlying profit before tax
(2025: £11.0m) ▼

14.3%
CET1 ratio
(2025: 13.5%) ▲

5.1%
Leverage ratio
(2025: 4.8%) ▲

257.3%
Average LCR
(2025: 191.8%) ▲

▲ Positive movement ▼ Adverse movement ▶ Stable

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. Comparative KPI measures presented for 2025 relate to the six-month period ended 30 June 2025, providing a like-for-like comparison with the six-month period ended 30 June 2026.

Contents

IFRS results

This Interim Financial Report for the six months ended 30th June 2026 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 2025, 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. Nottingham Building Society ('NBS', 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

Building the foundations for our next phase of growth

After two consecutive years of double-digit growth, 2025 was a year of deliberate consolidation, whilst strengthening the Society’s foundations to position us for a return to growth. That disciplined approach has continued into the first half of 2026.

We have completed our upgrade to the core banking system which was one of the main reasons for moderating our lending and we are now well positioned to accelerate our growth journey again.

The Society operated successfully in a period of geopolitical instability both globally and at home, inflationary pressure, and continued competition across both mortgage and savings markets. Overall, performance over the last six months was in line with plan, with some areas ahead of expectations.

We remained focused on delivering for members and reshaping the Society whilst delivering on some of the key technology and processes required to complete our transformation.

Embedding our strategy and strengthening our foundations

Our transformation into a modern, specialist residential lender continues. We remain focused on Extra Ordinary Borrowers and on evolving our products, propositions, and partnerships to meet their needs.

At the same time, we continued to implement and embed the elements of our transformation programme. In addition to strengthening our Core Banking foundations, investment in our wider technology estate is improving resilience, security, speed, and scalability, while supporting better outcomes for members and broker partners.

We are pleased to be part of the first cohort of the Prudential Regulation Authority (‘PRA’) and FCA’s Scale-up Unit. As we grow as a modern mutual, this gives us the opportunity to engage directly with regulators, reflect the realities of scaling in a highly regulated environment, and help shape a framework that supports sustainable growth across the sector. For NBS, participation in the cohort is already translating into tangible outcomes. Engagement through the Unit has strengthened external partnerships and accelerated collaboration, particularly in cyber resilience.

Closer alignment with organisations such as the National Cyber Security Centre has enhanced the Society's approach, while also contributing to wider sector progress — including the creation of a new Building Societies Association Cyber Forum, now chaired by NBS's Head of Information Security, supporting stronger information sharing and collective defence.

Sue Hayes Chief Executive Officer

Our lending and savings performance

A disciplined approach to lending in a changing market

As planned, we have managed lending growth carefully in 2025 and into the first half of 2026 as we embed new technology and operational capability, whilst balancing the challenges posed by the uncertain economic landscape.

New lending totalled **£336.8m** (compared to £535.1m in the first six months of 2025)

This reflects our planful approach to growth as we invest for the future

We have also made good progress in our intermediary-led strategy. As we continue to embed our new Artificial Intelligence ('AI') enabled mortgage platform, we are improving broker experience, and creating a smoother application journey.

Pairing that platform with Lending Metrics' automated underwriting and decisioning engine is also strengthening our decision-making by creating a clearer, fuller picture of each case. Over time, this foundational capability will support better, more confident decisions, enabling us to serve more borrowers with less straightforward circumstances in a responsible and well-controlled way.

Partnerships remain a key strength, including our collaboration with Generation Home ('Gen H'), MQube, and other strategic partners as we expand our reach into specialist residential lending segments. The work with MQube recently was recognised nationally and won the Best Fintech Collaboration of the Year award at the Fintech Awards, London.

During the period, I also joined the Building Societies Association ('BSA'), fellow building society leaders, and the then Chancellor Rachel Reeves to discuss how we can help more first-time buyers onto the housing ladder. I am also pleased to support the BSA's new strategy, Finance for a Fairer Future, which sets out the important role mutuals can play in addressing challenges such as housing affordability, financial resilience and responsible innovation. As a mutual, we will continue to use our voice constructively on the need for housing supply, proportionate regulation, targeted support and responsible innovation.

Strong savings performance in a competitive market

We have delivered strong outcomes for members in a highly competitive savings market, including another positive ISA season in the first quarter of 2026. During the period, we were also named Junior ISA ('JISA') Provider of the Year by YourMoney.com, recognising the strength of our proposition for younger savers and families.

In the first half of the year, we:

Delivered ISA new money inflows of
£178.4m
(2025: £279.5m)

Paid
£72.6m
in interest to savers
(2025: £82.1m)

Maintained our commitment to offering fair and competitive savings rates

We continue to advocate for the importance of Cash ISAs in supporting financial resilience. We also launched Passbook online, providing the ability to view balances digitally. We're building increased capabilities for our members whilst continuing to offer them great face-to-face branch experiences and local community support.

Building our brand and presence

Eighteen months after the launch of our new brand, we continue to see the benefit of a clearer, more distinctive proposition. This rebrand was never just a cosmetic change, but a stronger reflection of who we are today: a modern mutual with a clear sense of purpose, supporting people whose circumstances do not fit the traditional mould.

We have taken further steps to bring that brand to life across our branch network, intermediary presence, digital channels, and corporate communications. Following the opening of our Clumber Street flagship branch in 2025, we have rebranded branches in St Albans, Arnold, West Bridgford, North Hykeham, and Mansfield, with further rollout continuing into 2027.

We are also starting to see the impact of this work. More people are considering NBS for their financial needs, our presence in the media is growing, and more people are engaging with us online. Together, these measures point to growing recognition and momentum behind our ambition to build a modern mutual known for its difference.

Delivering for our members

Delivering outstanding service remains central to our strategy. We are proud to remain one of the highest-rated building societies on Trustpilot, with an excellent score of **4.8 from over 6,600 reviews**.

4.8 ★★★★★
Rated 'Excellent' Trustpilot

This reflects the dedication of colleagues across the Society and our commitment to delivering the best experience for members.

This is what modern mutuality means in practice: combining excellent service with a broader commitment to financial opportunities and using our voice and our actions to support people who might otherwise be overlooked. We were delighted to welcome members to our Annual General Meeting ('AGM') and look forward to doing so again in 2027.

Investing in our people - industry leading engagement

Our colleagues continue to play a vital role in delivering our transformation and supporting our members. We are proud of our levels of colleague engagement which, at 75%, continue to outperform the UK financial services sector (66%).

I would like to thank Anthony Murphy, who stepped down as Chief Financial Officer and Executive Director in May. Over the past three years, he has played an important role in supporting the Society's growth, strengthening the Finance function, and helping build the foundations for our next phase.

During the first half of 2026, we welcomed:

Cara Bell
as Chief Financial Officer
and Executive Director,
succeeding Anthony Murphy

Amany Attia
as a Non-Executive Director

These appointments strengthen our Board and position us well for the next phase of our strategy.

We have also continued to invest in colleague capability, leadership development, and the skills needed to support our next phase of growth, not least the effective delivery of change and improvement and the responsible use of AI, helping colleagues work more effectively and deliver better outcomes for members.

The talent across our Society is one of our greatest strengths, and we continue to evolve our colleague reward package to support and retain the people who are helping drive our transformation. During the first half of 2026, this included appropriate pay increases and bonus awards for eligible colleagues, increased pension contributions, and the introduction of income protection for when people are sick and unable to work.

Collectively, these changes provide greater financial wellbeing and security for colleagues, while supporting the culture and capabilities we need for our next phase of growth. This means we are better able to maintain and grow the Society and our members' experiences.

A positive impact in our communities

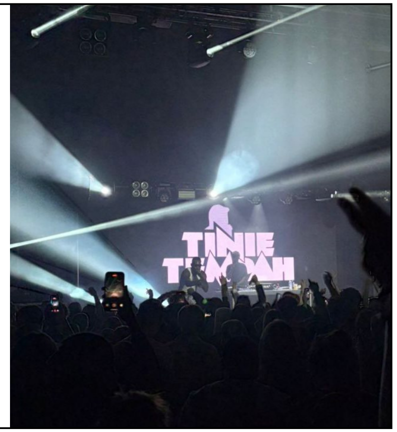
As a mutual, supporting our communities remains a core priority, with a focus on tackling homelessness and helping young people build pathways into stable futures.

We have continued to deepen this work through our partnerships with Emmanuel House, Shelter, and ThinkForward. Earlier this year, we doubled our annual donation to help Emmanuel House secure its Goose Gate building, taking our total support for the campaign to more than £100,000.

This was a tangible example of showing up when it matters, helping secure a permanent home for vital services supporting people facing homelessness, rough sleeping, and crisis in Nottingham. Together, these partnerships also help young people build confidence, skills and opportunity for the future.

Over 1000 hrs contributed in 2026 to date for our colleague volunteering programme

Alongside collaboration with the city's two leading universities and support for programmes, such as RockCorps, a volunteering initiative held in Nottingham that gives young people the chance to earn a concert ticket by giving four hours of their time to support community projects, as well as other community partnerships.



Industry impact

Part of our growth story is about how effectively we communicate and how well people know us.

A number of the Executive and Leadership groups have represented the Society at various forums including The Banking Transformation Summit where I spoke about the need to allow people to try things and Russ Thornton, our Chief Technology Officer, led on two panels, with Ryan Hilton, our Director of Customer, also speaking about what excellent service really means to us.

This engagement allows us to demonstrate industry impact while collaborating with other high-growth companies in the Scale-up Unit.

Outlook

Looking ahead, our focus for the second half of 2026 is to scale lending for Extra Ordinary Borrowers and continue evolving our product and proposition offers, even against the backdrop of ongoing geopolitical tensions and the political changes taking place across the UK.

A key part of that work will be the publication of our proprietary research into specialist residential lending, which will help shape future product, proposition, and policy thinking. By grounding innovation in the real experiences of people whose circumstances do not fit the traditional mould, we can continue to evolve our offer in a way that is both distinctive and relevant.

That approach is already beginning to translate into action. Following detailed market analysis and product development, several propositions are already in limited release with trusted broker partners, with a broader market rollout planned for the second half of the year.

For the remainder of 2026, we will:

- Scale lending for Extra Ordinary Borrowers through new products and propositions;
- Bring propositions currently in pilot launches with trusted broker partners to the full market;
- Continue embedding our transformation and strengthening the foundations for sustainable growth; and
- Deliver further innovation for broker partners and members.

We remain confident in our strategy and in our ability to deliver sustainable, long-term value for our members. We'll continue to adapt as we need to during uncertain times, with our members' best interests at heart. As always, I thank our members for their continued loyalty and our colleagues for the commitment they show every day.

Sue Hayes
Chief Executive Officer
29th July 2026

Business & Financial Review

Interim Business and Financial Review

A progressive start to 2026

I am pleased to present NBS's financial results for the six-month period ended 30th June 2026.

Basis of preparation

The Board continues to monitor both reported and underlying profit before tax. Reported profit includes certain items which the Board considers do 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 2026, with comparative amounts presented for 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.

All performance results reported as at 30th June 2026 relate solely to continuing operations.

Financial Key Performance Indicators

Total Group Basis

£336.8m
Gross new lending
(2025: £535.1m) ▼

£4.2bn
Total mortgage assets
(2025: £4.4bn) ▼

11bps
ECL coverage ratio
(2025: 11bps) ▶

£4.6bn
Total savings balance
(2025: £4.4bn) ▲

£72.6m
Total interest paid to savers
(2025: £82.1m) ▼

1.50%
Net interest margin
(2025: 1.61%) ▲

83.4%
Cost to income ratio
(2025: 83.3%) ▲

£6.2m
Profit before tax
(2025: £8.0m) ▼

£9.6m
Underlying profit before tax
(2025: £11.0m) ▼

14.3%
CETI ratio
(2025: 13.5%) ▲

5.1%
Leverage ratio
(2025: 4.8%) ▲

257.3%
Average LCR
(2025: 191.8%) ▲

▲ Positive movement ▼ Adverse movement ▶ Stable

Financial Highlights

- Net interest income was **£40.3m** (June 2025: £42.8m), reflecting lower mortgage balances and the impact of higher funding costs;
- Despite continued investment in people and technology, underlying management expenses decreased by **£1.6m** compared with the prior period. This primarily reflects transformation activity remaining largely in the development phase during 2026, resulting in a higher proportion of associated costs being capitalised rather than expensed;
- Expected Credit Loss ('ECL') coverage ratio was **11bps** (June 2025: 11bps), remaining broadly stable year-on-year, reflecting resilient asset quality despite prolonged macroeconomic uncertainty;
- Underlying profit before tax was **£9.6m** (June 2025: £11.0m), reflecting lower net interest income;
- Statutory profit before tax was **£6.2m** (June 2025: £8.0m), reflecting the reduced underlying profit before tax alongside derivative movements and strategic costs;
- The Society maintained a strong liquidity and funding position, with an average Liquidity Coverage Ratio ('LCR') of **257.3%** (June 2025: 191.8%), with liquid assets equivalent to **20.9%** of shares and borrowings (June 2025: 18.8%).
- The Capital position remained robust, with a Common Equity Tier 1 ratio ('CET1') of **14.3%** (June 2025: 13.5%) and a leverage ratio of **5.1%** (June 2025: 4.8%).

Financial and Business Review

The first half of 2026 has represented a period of consolidation for NBS, with financial performance broadly in line with our strategic plan. Building on the strong financial performance delivered in 2025, the business has continued to operate from a position of financial strength, whilst navigating a challenging income and cost environment.

The broader economic environment has remained uncertain, with continued geopolitical volatility contributing to a less predictable outlook. While the UK economy has shown some signs of stabilisation, inflationary pressures and interest rate dynamics continue to influence both member behaviour and market conditions.

Against this backdrop, the Society has remained focused on balancing the needs of both savings and mortgage members, maintaining competitive products while protecting margin and long-term sustainability. The Society continues to adopt a prudent and measured approach, ensuring it remains well positioned to support members, colleagues and the communities in which it operates.

In the face of these challenges, we have maintained a proactive approach to risk management over the short to medium term, while continuing to invest in key strategic priorities. Looking 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 the implications for NBS's business model and long-term strategy.

Income Statement

Profitability

The Group generated an underlying profit before tax of £9.6m in the first half of 2026 (2025: £11.0m), reflecting lower net interest income, partially offset by a greater proportion of technology and transformation expenditure being capitalised as projects remained in the development phase, alongside continued cost discipline and stable credit performance. On a statutory basis, profit before tax was £6.2m (2025: £8.0m).

Income Statement	June 2026	June 2025	December 2025
Total Group Basis	**£m**	**£m**	**£m**
Net interest income	40.3	42.8	86.7
Net fees and commissions receivable	0.2	-	0.3
Net income	**40.5**	**42.8**	**87.0**
Management expenses*	(30.6)	(32.2)	(66.5)
Impairment (charge) / credit on loans and advances to members	(0.3)	0.4	0.4
Underlying profit before tax	**9.6**	**11.0**	**20.9**
Losses from derivative financial instruments	(2.0)	(3.3)	(3.0)
Net strategic investment costs	(1.5)	(0.7)	(1.4)
Movement in Equity Investment Fair Value	-	–	(1.1)
Voluntary payment expense associated with PTC	0.1	–	0.4
Recoveries against PTC expense	-	0.1	0.1
Profit on disposal of premises	-	0.9	0.8
Profit before tax	**6.2**	**8.0**	**16.7**
Tax expense	(1.2)	(2.8)	(6.0)
Profit after tax	**5.0**	**5.2**	**10.7**

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

Total income and net interest margin

Net interest income for the six months to 30th June 2026 was £40.3m (June 2025: £42.8m), reflecting a more challenging interest rate environment, including the impact of lower mortgage balances and higher funding costs.

NIM was 1.50% (2025: 1.61%). Funding costs have remained elevated in the first half of 2026, reflecting market conditions and repricing dynamics across the sector, alongside the ongoing maturity of lower-cost shorter duration funding. In addition, the Society's liability hedging strategy continues to support Balance Sheet resilience, albeit with some short-term impact on interest expense.

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 and competitive market environment.

Management expenses

Underlying management expenses decreased by £1.6m compared with the first half of 2025. This primarily reflects transformation activity remaining largely in the development phase during 2026, resulting in a greater proportion of related expenditure being capitalised rather than recognised in the Income Statement.

The reduction in underlying management expenses was partially offset by the ongoing impact of inflationary pressures and continued investment to support the Society's strategic objectives. However, the decrease in costs was not sufficient to fully offset the impact of lower income, resulting in the Group's underlying cost to income ratio increasing to 75.6% (June 2025: 75.2%).

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.

Impairment credit on loans and advances to members

While inflation has moderated compared to prior periods, the cumulative impact of the prolonged high inflation environment and elevated borrowing costs continues to influence household finances and mortgage affordability.

Labour market conditions have shown some signs of softening; however, overall asset quality within the Society's mortgage portfolio has remained resilient, supported by relatively stable house prices and prudent underwriting.

Despite the ongoing economic challenges faced by borrowers, arrears performance remains resilient. As at 30th June 2026, the proportion of accounts in arrears by three months or more was 0.38% (30th June 2025: 0.28%). While arrears have increased slightly compared with the prior period, arrears remain at a low level, reflecting the overall quality of the mortgage book and the Society's prudent approach to underwriting and customer support.

The Society continues to monitor credit risk closely, maintaining a prudent approach to provisioning in light of the evolving economic outlook. Cost of risk for the six months ended 30th June 2026 was 0.01% (30th June 2025: 0.00%), reflecting continued low levels of credit losses and the resilience of the mortgage portfolio. The ECL provision remains stable, with a Coverage Ratio of 11bps as at 30th June 2026 (30th June 2025: 11bps; 31st December 2025: 11bps).

Losses 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 driven by timing differences, which will unwind over the life of the underlying assets and liabilities.

Losses from derivative financial instruments include:

	June 2026 £m	June 2025 £m	Dec 2025 £m
Fair value movements on swaps held against the mortgage pipeline	(0.1)	(0.2)	(0.1)
Amortisation (losses) / gains from the reversal of gains / losses recognised in both the prior and current periods	(2.4)	(1.0)	0.9
Movements in ineffectiveness of the hedge accounting portfolio	0.5	(1.7)	(3.6)
Fair value movement associated with micro fair value hedge relationships	(0.1)	(0.2)	-
Fair value movements on swaps associated with secured funding vehicles	0.1	(0.2)	(0.2)
Losses from derivative financial instruments	**(2.0)**	**(3.3)**	**(3.0)**

Balance Sheet

The Society's total assets at 30th June 2026 remained broadly consistent with the prior year. This reflects a strategic decision to consolidate our position and ensure a robust platform is in place to support sustainable future growth, as we continue to embed technology enhancements and realise the benefits of recent investments.

As such, total assets were £5.4bn as at 30th June 2026 (30th June 2025: £5.4bn).

Mortgages

Gross mortgage balances reduced slightly compared to 30th June 2025. This position reflects gross new lending of approximately £336.8m during the six-month period (June 2025: £535.1m), with originations across both organic and inorganic channels partly offset by higher levels of redemptions. As a result, net lending reduced by £0.1bn in the first half of 2026 (June 2025: £0.1bn increase).

The Society's mortgage book continues to be focused on high-quality prime residential lending. As at 30th June 2026, residential mortgages represented 82.8% of the total portfolio (June 2025: 84.4%), with the remainder comprising Limited Company Buy-to-Let ('BTL') and a closed book of loans to small and medium sized enterprises. The average indexed Loan to Value ('LTV') of the portfolio remained low at 54% (June 2025: 51%), reflecting the ongoing 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 2026. As at 30th June 2026, NBS held £1.0bn in high-quality liquid assets (June 2025: £1.0bn), comprising cash and other assets that are readily realisable when required. Liquid assets represented 20.9% of shares and borrowings (June 2025: 18.8%).

In addition to these on-Balance Sheet resources, the Society continues to benefit from access to contingent liquidity through the Bank of England's Sterling Monetary Framework.

Liquidity metrics remain comfortably above regulatory minimum requirements, reflecting the Society's prudent approach to liquidity risk management and its continued focus on 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 continue to play a critical role in supporting our purpose and enabling lending activity.

During the first half of 2026, savings balances increased by £0.2bn (June 2025: £0.1bn), reflecting the continued attractiveness of our savings proposition in a competitive market.

The remainder of the Society's funding requirements continues to be met through wholesale secured and unsecured funding markets. As at 30th June 2026, wholesale funding stood at £0.4bn (June 2025: £0.6bn).

Outlook

NBS continues to navigate a market environment characterised by ongoing economic uncertainty, evolving customer expectations and continued geopolitical volatility.

In the second half of 2026, we will maintain a measured approach to lending growth, reflecting both the current market dynamics and our focus on optimising Balance Sheet performance and margin discipline. At the same time, we remain focused on embedding our new mortgage origination platform and progressing our broader transformation agenda.

These initiatives are expected to deliver improvements in operational efficiency and enhance the overall member experience, while supporting a more scalable and resilient operating model.

Collectively, these strategic priorities position NBS to respond effectively to near-term challenges, while strengthening the foundations required to support sustainable, long-term growth.

Cara Bell
Chief Financial Officer
29th July 2026

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 reviewed and approved by the Board in September 2025. The Society 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 NBS does not maintain sufficient Capital to meet regulatory requirements, absorb unexpected losses, or support its operations effectively. This includes the ability to allocate Capital effectively and manage it prudently across a range of business and economic environments, ensuring resilience to financial stresses and compliance with regulatory standards.
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.
Liquidity & Funding	The risk that the Society, although capital solvent, does not have sufficient liquid resources available to meet its obligations as they fall due. This includes consideration of wholesale credit risks.
Legal & Regulatory	Legal & Regulatory Risk is the risk that NBS: • fails to comply with legal and regulatory requirements; • fails to enter into legally effective contracts; and/or • acts in a way that leads to litigation being commenced against it.
Customer & Conduct	The risk associated with failure to deliver good outcomes for the Society's members.
Operational	Risk of losses or impact on customers, reputation or resilience, resulting from inadequate or failed procedures, systems and controls, including those resulting from disruption or damage to technology, poor implementation of software or cyber/data breaches.

The Society continues to identify new or evolving risks through its Risk Management Framework ('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

Uncertainty remains within the geopolitical and economic environments, 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 that the higher cost of living sustained and potential for further inflation 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 perform in line with its business plan.

Cyber risk

In line with the Society's increasing digital presence, cyber security risk is a significant operational risk that continues to rank high on our agenda. The potential threat of new and more sophisticated attack vectors enabled by frontier AI developments has significantly heightened and is being taken seriously by Management. 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.

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 focus 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.

Financial Statements

Condensed consolidated income statement

for the period ended 30th June 2026

	Notes	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Interest receivable and similar income				
Calculated using the Effective Interest Rate ('EIR') method		124.1	141.5	280.7
Other		5.3	4.9	8.9
Interest receivable and similar income	4	**129.4**	**146.4**	**289.6**
Interest payable and similar charges	5	(89.1)	(103.6)	(202.9)
Net interest income		**40.3**	**42.8**	**86.7**
Fees and commissions receivable		0.8	0.9	1.8
Fees and commissions payable		(0.6)	(0.9)	(1.5)
Net losses from derivative financial instruments		(2.0)	(3.3)	(3.0)
Total net income		**38.5**	**39.5**	**84.0**
Administrative expenses	6	(30.2)	(30.3)	(63.1)
Depreciation and amortisation		(1.9)	(2.6)	(4.8)
Operating profit before impairment, provisions and disposals		**6.4**	**6.6**	**16.1**
Impairment (charge) / credit on loans and advances to members	11	(0.3)	0.4	0.4
Voluntary payment expense associated with PTC		0.1	-	0.4
Recoveries against PTC		-	0.1	0.1
Movements in Equity Investment Fair Value		-	-	(1.1)
Profit on disposal of premises		-	0.9	0.8
Profit before tax		**6.2**	**8.0**	**16.7**
Tax expense		(1.2)	(2.8)	(6.0)
Profit after tax for the financial period		**5.0**	**5.2**	**10.7**

A reconciliation from profit before tax for the financial period to underlying profit used by Management can be found on page 12.

Condensed consolidated statement of comprehensive income

for the period ended 30th June 2026

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

	Notes	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Profit for the financial period		**5.0**	**5.2**	**10.7**
Items that will not be re-classified to the Income Statement				
Remeasurements of defined benefit obligation		-	-	-
Revaluation of freehold land and buildings		(0.6)	-	2.8
Tax on items that will not be re-classified		0.1	-	(0.1)
Items that may subsequently be re-classified to the Income Statement				
Fair Value through Other Comprehensive Income ('FVOCI') reserve				
Valuation (losses) / gains taken to reserves	9	(2.2)	1.6	2.0
Amounts transferred to Income Statement in relation to micro fair value hedged relationships		2.7	(1.4)	(2.0)
Tax on items that may subsequently be reclassified		-	-	-
Other comprehensive income for the period net of income tax		**-**	**0.2**	**2.7**
Total comprehensive income for the period		**5.0**	**5.4**	**13.4**

Condensed consolidated statement of financial position

as at 30th June 2026

	Notes	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Assets				
Cash in hand and balances with the Bank of England		285.3	308.5	297.0
Loans and advances to credit institutions	7	69.3	69.8	69.3
Debt securities	9	694.9	574.5	704.8
Derivative financial instruments		25.0	47.6	29.4
Loans and advances to members	10	4,239.7	4,365.8	4,305.0
Equity investment		-	1.1	-
Other assets		10.6	9.4	5.8
Current tax asset		-	0.2	-
Property, plant and equipment		10.3	8.2	11.4
Right-of-use assets		1.7	2.0	1.9
Intangible assets		13.8	9.6	11.2
Deferred tax assets		0.6	0.4	0.5
Total assets		**5,351.2**	**5,397.1**	**5,436.3**

	Notes	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Liabilities				
Shares		4,618.2	4,452.0	4,631.2
Amounts owed to credit institutions		0.1	70.4	0.1
Amounts owed to other members		51.3	47.0	56.5
Debt securities in issue		354.3	492.6	408.9
Derivative financial instruments		18.4	37.7	31.2
Other liabilities and accruals		9.7	11.6	10.9
Lease liabilities		1.9	2.4	2.2
Current tax liabilities		1.2	-	3.6
Provisions for Liabilities		0.4	0.7	1.0
Retirement benefit obligations		-	-	-
Subscribed capital	12	24.0	24.0	24.0
Total liabilities		**5,079.5**	**5,138.4**	**5,169.6**
Reserves				
General reserves		269.0	258.5	264.0
Fair value reserves	13	0.5	0.2	-
Revaluation reserve		2.2	-	2.7
Total reserves attributable to members of the Society		**271.7**	**258.7**	**266.7**
Total reserves and liabilities		**5,351.2**	**5,397.1**	**5,436.3**

Condensed consolidated statement of changes in members' interests

for the period ended 30th June 2026

	General Reserve £m	Fair Value Reserve £m	Revaluation Reserve £m	Total £m
Balance as at 1st January 2026 (Audited)	264.0	-	2.7	266.7
Profit for the period	5.0	-	-	5.0
Other comprehensive income for the period (net of tax)				
Net gains / (losses) from changes in fair value	-	0.5	(0.5)	-
Remeasurement of defined benefit obligation	-	-	-	-
Total other comprehensive income	-	0.5	(0.5)	-
Total comprehensive income for the period	5.0	0.5	(0.5)	5.0
Balance as at 30th June 2026 (Unaudited)	**269.0**	**0.5**	**2.2**	**271.7**
Balance as at 1st January 2025 (Audited)	253.3	-	-	253.3
Profit for the period	5.2	-	-	5.2
Other comprehensive (expense) / 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 2025 (Audited)	253.3	-	-	253.3
Profit for the year	10.7	-	-	10.7
Other comprehensive income for the period (net of tax)				
Net gains from changes in fair value	-	-	2.7	2.7
Total other comprehensive income	-	-	2.7	2.7
Total comprehensive income for the period	10.7	-	2.7	13.4
Balance as at 31st December 2025 (Audited)	**264.0**	**-**	**2.7**	**266.7**

Condensed consolidated cash flow statement

for the period ended 30th June 2026

	Notes	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Cash flows from operating activities				
Profit before tax		6.2	8.0	16.7
Depreciation and amortisation		1.9	2.6	4.8
Profit on disposal of freehold land and buildings		-	(0.9)	(0.8)
Interest on subscribed capital		1.0	1.0	1.9
Interest on lease payments		-	-	0.1
Amortisation of discounts and premiums on debt securities		0.1	-	(0.1)
Impairment on loans and advances to members		0.3	(0.4)	(0.4)
Increase in Phillips Trust Corporation provision		-	-	-
		9.5	**10.3**	**22.2**
Changes in operating assets and liabilities				
Decrease / (increase) in loans and advances to credit institutions		11.9	(23.6)	(26.5)
Decrease in derivative assets and other assets		1.8	29.2	50.4
Decrease / (increase) in loans and advances to members		65.0	(163.6)	(102.8)
Revaluation of property, plant and equipment		0.5	-	-
Movement in equity investment		-	-	1.1
(Decrease) / increase in shares		(13.0)	101.5	280.7
Decrease in amounts owed to credit institutions and other members		(5.2)	(255.1)	(315.9)
(Decrease) / increase in debt securities in issue		(54.6)	307.9	224.2
Movement in derivative liabilities, other liabilities and accruals		(14.7)	11.9	5.0
Movement in retirement benefit obligation		-	-	-
Taxation paid		(3.6)	(4.2)	(3.5)
Net cash generated from operating activities		**(2.4)**	**14.3**	**134.8**

	Notes	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Cash flows from investing activities				
Purchase of debt securities	9	(189.7)	(238.2)	(488.9)
Disposal of debt securities	9	197.4	119.5	240.2
Disposal / (purchase) of property, plant and equipment		-	0.2	(0.9)
Purchase of intangible assets		(3.8)	(2.7)	(5.8)
Net cash used in investing activities		**3.9**	**(121.2)**	**(255.4)**
Cash flows from financing activities				
Interest paid on subscribed capital	15	(1.0)	(1.0)	(1.9)
Principal element of lease payments		(0.3)	(0.2)	(0.5)
Net cash used in financing activities		**(1.3)**	**(1.2)**	**(2.4)**
Net movement in cash and cash equivalents		**0.2**	**(108.1)**	**(123.0)**
Cash and cash equivalents at start of period		326.6	449.5	449.6
Cash and cash equivalents at end of period	8	**326.8**	**341.4**	**326.6**

Notes to the Interim Financial Report

Notes to the Interim Financial Report

1. Reporting period

These results have been prepared as at 30th June 2026 and disclose the financial performance for the six-month period ended 30th June 2026.

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 2026 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') 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 2025, 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 2026 Interim Financial Report are consistent with those disclosed in the Annual Report and Accounts for the year ended 31st December 2025, except for the adoption of amendments to IFRS 9 Financial Instruments, effective from 1st January 2026. The amendments clarify the derecognition requirements for financial liabilities, such that liabilities are generally derecognised at the point of settlement rather than when payment is initiated.

An optional policy election allows earlier derecognition for certain electronic payments where strict criteria are met. The Group has adopted this option and therefore continues to derecognise qualifying electronic payments at the point of initiation, while all other financial liabilities are derecognised on settlement. There is no change to the Group's accounting policy for financial assets; however, the amendments result in presentation changes due to timing differences between payment initiation and settlement. The impact of adoption is limited to Balance Sheet presentation and related disclosures, with no material impact on profit or loss.

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 2025 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 2027.

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 15 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 2025 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 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
On loans fully secured on residential property	84.0	83.0	170.6
On other loans	19.4	17.3	36.6
On liquid assets	6.1	10.1	17.2
On instruments held at amortised cost	**109.5**	**110.4**	**224.4**
On debt securities held at FVOCI	13.9	11.9	26.9
On derivatives held to hedge financial assets	0.7	19.2	29.4
On instruments calculated on an EIR basis	**124.1**	**141.5**	**280.7**
On derivatives not in a hedge accounting relationship	5.3	4.9	8.9
	129.4	**146.4**	**289.6**

Derivative income decreased compared with the prior period as lower market swap rates reduced income generated from the floating leg of derivative positions. In addition, the benefit arising from the significant increase in interest rates in previous years has now largely been realised, resulting in a lower contribution to profitability in the current period.

5. Interest payable and similar charges

	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
On shares held by individuals	72.6	82.1	164.3
On deposits and other borrowings	13.2	15.7	29.8
On subscribed capital	1.0	1.0	2.0
On leases	-	-	0.1
On derivatives held to hedge financial liabilities	2.3	4.8	6.7
	89.1	**103.6**	**202.9**

6. Administrative expenses

	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Wages and salaries	14.5	14.2	29.7
Social security costs	1.8	1.6	3.5
Other pension costs	0.9	0.8	1.6
Total employee costs	**17.2**	**16.6**	**34.8**
Other administrative costs	13.0	13.7	28.3
Total administrative expenses	**30.2**	**30.3**	**63.1**

There are £1.5 million of strategic investment costs included in other administrative costs (30th June 2025: £0.6m; 31st December 2025: £2.6 million).

7. Loans and advances to credit institutions

	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Repayable on call and short notice	41.5	32.9	29.6
Other loans and advances to credit institutions	27.8	36.9	39.7
	69.3	**69.8**	**69.3**

At 30th June 2026, £27.8 million (30th June 2025: £36.9 million; 31st December 2025: £39.7 million) of cash has been deposited by the Group as collateral against derivative contracts.

8. Cash and cash equivalents

	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £m
Cash in hand and balances with the Bank of England	285.3	308.5	297.0
Loans and advances to credit institutions repayable on call and short notice	41.5	32.9	29.6
	326.8	**341.4**	**326.6**

9. Debt securities

	Note	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Movement on debt securities during the period may be analysed as follows:				
At 1 January		704.8	454.2	454.2
Additions		189.7	238.2	488.8
Disposals and maturities		(197.4)	(119.5)	(240.2)
Net movements from changes in fair value recognised in OCI		(2.2)	1.6	2.0
		694.9	**574.5**	**704.8**

10. Loans and advances to members

	Note	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Loans fully secured on residential property ('FSRP')		3,512.5	3,676.1	3,569.9
Secured business loans ('SBL')		727.4	679.4	716.8
Loans gross balance		**4,239.9**	**4,355.5**	**4,286.7**
Amounts Pending Settlement		(0.6)	-	-
Effective interest rate adjustment		7.9	5.0	6.8
Provision for impairment losses on loans and advances to members	11	(4.8)	(4.8)	(4.5)
Fair value adjustment for hedged risk		(2.7)	10.1	16.0
		4,239.7	**4,365.8**	**4,305.0**

SBLs are primarily made available to Small and Medium sized enterprises for either owner occupied or investment property purposes and includes limited company BTL loans.

Balances pending settlement comprise amounts relating to transactions awaiting settlement at the reporting date, recognised in accordance with the IFRS 7 and IFRS 9 amendments.

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 2026	Unaudited		30 June 2025	Unaudited		31 December 2025	Audited	
	FSRP £m	SBL £m	Total £m	FSRP £m	SBL £m	Total £m	FSRP £m	SBL £m	Total £m
Gross carrying amount									
Stage 1	3,205.0	676.5	3,881.5	3,467.0	648.9	4,115.9	3,301.0	676.6	3,977.6
Stage 2	275.3	45.1	320.4	185.0	24.5	209.5	240.6	34.8	275.4
Stage 3	32.2	5.8	38.0	24.1	6.0	30.1	28.3	5.4	33.7
	3,512.5	**727.4**	**4,239.9**	**3,676.1**	**679.4**	**4,355.5**	**3,569.9**	**716.8**	**4,286.7**

	30 June 2026	Unaudited		30 June 2025	Unaudited		31 December 2025	Audited	
	FSRP £m	SBL £m	Total £m	FSRP £m	SBL £m	Total £m	FSRP £m	SBL £m	Total £m
Expected credit loss allowance									
Stage 1	1.6	1.1	2.7	2.0	1.3	3.3	1.6	1.2	2.8
Stage 2	1.1	0.5	1.6	0.6	0.3	0.9	0.8	0.4	1.2
Stage 3	0.2	0.3	0.5	0.3	0.3	0.6	0.2	0.3	0.5
	2.9	**1.9**	**4.8**	**2.9**	**1.9**	**4.8**	**2.6**	**1.9**	**4.5**

The underlying credit quality of the mortgage portfolio has remained resilient and comparatively strong during the period. The increase in the Expected Credit Loss ("ECL") allowance primarily reflects changes in forward-looking macroeconomic assumptions incorporated within the IFRS 9 models, rather than a material deterioration in observed portfolio performance.

The total ECL provision has increased by £0.3 million since 31st December 2025, primarily due to:

- a less favourable outlook for UK house price growth;
- updated macroeconomic forecasts, resulting in higher modelled PDs;
- a modest increase in accounts in arrears; and
- continued growth in higher loan-to-value lending.

The Society's ECL coverage ratio (provision as a percentage of gross loans) increased modestly to 11.3bps at 30th June 2026 (31st December 2025: 10.7bps, 30th June 2025: 11.0bps). At 30th June 2026, £16.1m of balances were over 3 months in arrears (31st December 2025: £13.2m, 30th June 2025: £12.7m), representing 0.38% of the mortgage portfolio (31st December 2025: 0.31%, 30th June 2025: 0.28%). Members subject to contractual forbearance remained stable at 0.36% of the mortgage portfolio (31st December 2025: 0.36%, 30th June 2025: 0.32%). 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

Management continues to apply a post-model adjustment ("PMA") to the Retail IFRS 9 models to reflect the residual uncertainty associated with the economic outlook and the potential for macroeconomic risks to impact borrower affordability beyond that currently captured within the modelled outputs.

During the period, the PMA applied to the Retail portfolio was reduced from a 4% to a 3% absolute uplift to modelled PDs, reflecting increased confidence that the underlying IFRS 9 models are appropriately responding to changes in the macroeconomic environment. The PMA therefore continues to provide an additional level of prudence whilst reducing reliance on management judgement as underlying model accuracy continues to improve.

For 30th June 2026, this adjustment resulted in an additional ECL allowance of £2.6 million (31st December 2025: £2.9 million; 30th June 2025: £3.2 million). A 3% absolute PD uplift was applied to Retail portfolios (31st December 2025: 4%, 30th June 2025: 5%, 31st December 2024: 6%, 30th June 2024: 7%) and a 4% uplift continued to be applied to Secured Business Lending.

Economic variables of HPI and unemployment are provided by a reputable third-party and are significant assumptions in the ECL model calculation. Although inflation is not an explicit input to the IFRS 9 models, Management considers the cumulative impact of elevated living costs on borrower affordability when assessing the appropriateness of the PMA. This judgement reflects the potential for affordability pressures to persist beyond those captured directly by the modelled macroeconomic variables.

Income statement

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

	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Charge / (release) of provision for impairment			
Loans fully secured on residential property	0.3	(0.4)	(0.5)
Secured business loans	-	-	(0.2)
	0.3	**(0.4)**	**(0.7)**

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 2026	3,977.6	275.4	33.7	4,286.7
Stage transfers:				
Transfers from Stage 1 to Stage 2	(143.0)	143.0	-	-
Transfers to Stage 3	(4.7)	(7.2)	11.9	-
Transfers from Stage 2 to Stage 1	74.5	(74.5)	-	-
Transfers from Stage 3	1.5	2.0	(3.5)	-
Net movement arising from transfer of stage	**(71.7)**	**63.3**	**8.4**	**-**
New assets originated[1]	331.4	2.2	0.8	334.5
Further lending / repayments and redemptions	(355.7)	(20.5)	(5.0)	(381.2)
At 30 June 2026	**3,881.5**	**320.4**	**38.0**	**4,239.9**

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 2026	2.8	1.2	0.5	4.5
Stage transfers:				
Transfers from Stage 1 to Stage 2	(0.1)	0.1	-	-
Transfers to Stage 3	-	-	-	-
Transfers from Stage 2 to Stage 1	0.2	(0.2)	-	-
	-	-	-	-
Net movement arising from transfer of stage	**0.1**	**(0.1)**	**-**	**-**
New assets originated[1]	0.4	-	-	0.4
Further lending / repayments and redemptions	(0.4)	0.1	-	(0.3)
Changes in risk parameters in relation to credit quality	(0.2)	0.4	-	0.2
At 30 June 2026	**2.7**	**1.6**	**0.5**	**4.8**

[1] New assets originated enter at Stage 1. The balances presented are the final position as at 30th June 2026.

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 Subject to 12 month ECL Stage 1 £m	 Subject to lifetime ECL Stage 2 £m	Credit impaired 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 Subject to 12 month ECL Stage 1 £m	 Subject to lifetime ECL Stage 2 £m	Credit impaired 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)	-	-
Transfers from Stage 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 2025	3,829.8	383.8	26.2	4,239.8
Stage transfers:				
Transfers from Stage 1 to Stage 2	(170.8)	170.8	-	-
Transfers to Stage 3	(6.7)	(8.3)	15.0	-
Transfers from Stage 2 to Stage 1	163.9	(163.9)	-	-
Transfers from Stage 3	3.6	1.9	(5.5)	-
Net movement arising from transfer of stage	**(10.0)**	**0.5**	**9.5**	**-**
New assets originated[1]	865.4	6.0	2.3	873.7
Further lending / repayments and redemptions	(707.6)	(114.9)	(4.3)	(826.8)
At 31 December 2025	**3,977.6**	**275.4**	**33.7**	**4,286.7**

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	(0.2)	0.2	0.1	-
Transfers to Stage 3	-	(0.1)	-	-
Transfers from Stage 2 to Stage 1	0.3	(0.3)	-	-
Transfers from Stage 3	-	(0.1)	(0.1)	-
Net movement arising from transfer of stage	**0.1**	**(0.1)**	**-**	**-**
New assets originated[1]	0.8	0.1	-	0.9
Further lending / repayments and redemptions	(1.5)	(0.2)	(0.2)	(1.9)
Changes in risk parameters in relation to credit quality	(0.3)	0.5	0.1	0.3
At 31 December 2025	**2.8**	**1.2**	**0.5**	**4.5**

[1] New assets originated enter at Stage 1. The balances presented are the final position as at 31st December 2025.

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 both Ukraine and the Middle East. Key economic variables have been determined by Management, but expert judgement is also applied.

Forward-looking macroeconomic forecasts are sourced from a reputable third party and are combined with Management judgement where appropriate to determine the scenarios and probability weightings applied within the IFRS 9 ECL models. Forecasts extend over a five-year period, after which key variables revert to long-run averages using a mean reversion method.

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 Higher energy prices are expected to weigh on household disposable income and contribute to a more gradual easing of monetary policy. Economic growth is forecast to moderate during 2026 before strengthening in 2027 and 2028 as energy prices normalise. Unemployment is expected to increase and stabilise at just above 5%, supporting a moderation in wage growth. Inflation is anticipated to remain above 3% through the remainder of 2026, reflecting higher fuel costs and the increase in the household energy price cap from July, before returning to the Bank of England's 2% target by mid-2027.	40%
Upside A faster-than-expected resolution of geopolitical conflicts in the Middle East and Ukraine reduces uncertainty and alleviates recessionary pressures. Improved energy security supports a period of stronger productivity growth, while lower global energy prices provide a further boost to economic activity. The combination of stronger demand and supply-side improvements underpins robust GDP growth and a decline in unemployment.	30%
Downside Escalating trade and geopolitical tensions, together with a prolonged conflict in the Middle East, increase uncertainty and weigh on global economic activity. Higher oil prices, driven by tighter supply conditions, contribute to weaker business and consumer confidence. Business investment declines, labour demand softens and productivity growth remains subdued, reducing the economy's longer-term growth potential. In response to weakening economic conditions, the Bank of England is assumed to reduce interest rates more rapidly than in the baseline scenario. Nonetheless, reduced confidence leads households to curtail spending and firms to reduce headcount, resulting in a rise in unemployment and deflationary pressure. Housing market weakens significantly, with lower demand contributing to a material decline in prices.	23%
Severe downside Global economy falls into sharp recession. The severe increase in geopolitical risk raises the prospect of a breakdown in the global world order along with a complete lack of confidence in the economy, leads to a sharp selloff in financial markets.	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 2026		2026 %	2027 %	2028 %	2029 %	2030 %
Unemployment rate	Upside	5.0	4.2	4.1	4.2	4.4
	Base	5.4	5.0	4.9	4.9	4.9
	Downside	6.3	7.7	7.7	7.4	6.8
	Severe downside	6.5	9.0	8.6	8.4	7.9
House price index	Upside	7.6	11.9	1.3	(2.0)	(0.9)
Annual increase /	Base	1.2	1.9	1.4	2.0	2.5
(reduction)	Downside	(3.8)	(10.4)	(3.2)	3.4	6.1
	Severe downside	(5.6)	(17.5)	(4.0)	2.5	4.0
BoE interest rate	Upside	3.8	3.3	3.1	2.6	2.5
	Base	3.8	3.1	2.8	2.5	2.5
	Downside	3.8	2.1	1.0	1.2	1.5
	Severe downside	3.6	1.6	0.7	0.7	0.8

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 2026 reported ECL position output is shown below:

30 June 2026	ECL Provision £m	(Decrease) / Increase £m	(Decrease) / Increase %
IFRS 9 weighted average	**4.8**	-	-
Upside	**2.1**	(2.7)	(56.5)
Base	**3.5**	(1.3)	(26.5)
Downside	**8.0**	3.2	65.9
Severe Downside	**12.7**	7.9	164.8

12. Subscribed Capital

	30 June 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 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 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Fair value reserve			
At 1 January	-	-	-
Amounts transferred to Income Statement on micro hedged relationships	2.7	(1.4)	1.9
Fair value (losses) / gains on treasury assets	(2.2)	1.6	(1.9)
	0.5	**0.2**	**-**

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 2026	**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	285.3	-	-	-	285.3
Loans and advances to credit institutions	69.3	-	-	-	69.3
Debt securities	-	694.9	-	-	694.9
Derivative financial instruments	-	-	24.7	0.3	25.0
Loans and advances to members	4,239.7	-	-	-	4,239.7
Other Assets	37.0	-	-	-	37.0
	4,631.3	**694.9**	**24.7**	**0.3**	**5,351.2**
Financial liabilities				-	
Shares	4,618.2	-	-	-	4,618.2
Amounts owed to credit institutions	0.1	-	-	-	0.1
Amounts owed to other members	51.3	-	-	-	51.3
Debt securities in issue	354.3	-	-	-	354.3
Derivative financial instruments	-	-	18.0	0.4	18.4
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	13.3	-	-	-	13.3
	5,061.2	**-**	**18.0**	**0.4**	**5,079.5**

14. Financial instruments (continued)

Classification & Measurement (continued)

Carrying values by category

As at 30 June 2025 Unaudited	Held at amortised cost Financial assets and liabilities at amortised cost £m	Held at fair value Fair value through other comprehensive income £m	Designated as fair value through P&L £m	Unmatched derivatives £m	Total £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	0.2	47.6
Loans and advances to members	4,365.8	-	-	-	4,365.8
Convertible loan notes	-	-	1.1	-	1.1
Other Assets	29.8	-	-	-	29.8
	4,773.9	**574.5**	**48.6**	**0.2**	**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	-	37.7
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	14.7	-	-	-	14.7
	5,100.7	**-**	**37.5**	**-**	**5,138.4**

14. Financial instruments (continued)

Classification & Measurement (continued)

Carrying values by category

As at 31 December 2025	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	297.0	-	-	-	297.0
Loans and advances to credit institutions	69.3	-	-	-	69.3
Debt securities	-	704.8	-	-	704.8
Derivative financial instruments	-	-	25.9	3.5	29.4
Loans and advances to members	4,305.0	-	-	-	4,305.0
Other Assets	30.8	-	-	-	30.8
	4,702.1	**704.8**	**70.1**	**3.5**	**5,436.3**
Financial liabilities					
Shares	4,631.2	-	-	-	4,631.2
Amounts owed to credit institutions	0.1	-	-	-	0.1
Amounts owed to other members	56.5	-	-	-	56.5
Debt securities in issue	408.9	-	-	-	408.9
Derivative financial instruments	-	-	27.0	4.2	31.2
Subscribed capital	24.0	-	-	-	24.0
Other liabilities	17.7	-	-	-	17.7
	5,138.4	**-**	**27.0**	**4.2**	**5,169.6**

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 2026 Unaudited Book value £m	30 June 2026 Unaudited Fair value £m	30 June 2025 Unaudited Book value £m	30 June 2025 Unaudited Fair value £m	31 December 2025 Audited Book value £m	31 December 2025 Audited Fair value £m
Financial assets							
Cash in hand and balances with the Bank of England	a	285.3	285.3	308.5	308.5	297.0	297.0
Loans and advances to credit institutions	b	69.3	69.3	69.8	69.8	69.3	69.3
Loans and advances to members	c	4,239.7	4,260.8	4,365.8	4,397.7	4,305.0	4,360.8
Financial liabilities							
Shares	d	4,618.2	4,606.7	4,452.0	4,445.2	4,631.2	4,623.4
Amounts owed to credit institutions	d	0.1	0.1	70.4	70.4	0.1	0.1
Amounts owed to other members	d	51.3	51.3	47.0	47.0	56.5	56.5
Debt securities in issue	e	354.3	354.3	492.6	492.6	409.0	409.0
Subscribed capital	f	24.0	28.6	24.0	29.0	24.0	29.6

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 members – 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 2026 Unaudited	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair value £m
Financial assets				
FVOCI - Debt securities	694.9	-	-	694.9
Derivative financial instruments - Interest rate swaps	-	25.0	-	25.0
	694.9	**25.0**	**-**	**719.9**
Financial liabilities				
Derivative financial instruments - Interest rate swaps	-	(18.4)	-	(18.4)
	-	**(18.4)**	**-**	**(18.4)**

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
Convertible loan notes	-	-	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)

31 December 2025 Audited	Level 1 £m	Level 2 £m	Level 3 £m	Total Fair value £m
Financial assets				
FVOCI - Debt securities	704.8	-	-	704.8
Derivative financial instruments - Interest rate swaps	-	29.4	-	29.4
	704.8	**29.4**	**-**	**734.2**
Financial liabilities				
Derivative financial instruments - Interest rate swaps	-	(31.2)	-	(31.2)
	-	**(31.2)**	**-**	**(31.2)**

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.

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 2026 Unaudited £m	30 June 2025 Unaudited £m	31 December 2025 Audited £m
Credit risk exposure			
Cash in hand and balances with the Bank of England	285.3	308.5	297.0
Loans and advances to credit institutions	69.3	69.8	69.3
Debt securities	694.9	574.5	704.8
Derivative financial instruments	25.0	47.6	29.4
Loans and advances to members	4,239.7	4,365.8	4,305.0
Equity investment	-	1.1	-
Total statement of financial position exposure	**5,314.2**	**5,367.3**	**5,405.5**
Off-Balance Sheet exposure – mortgage commitments	238.4	254.4	233.2
	5,552.6	**5,621.7**	**5,638.7**

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 2026 is 100% (30th June 2025: 100%; 31st December 2025: 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 2026 (30th June 2025: £nil; 31st December 2025: £nil).

b) Loans and advances to members

Loans and advances to members are predominately made up of retail loans fully secured against UK residential property of £3,512.5m, split between residential and BTL loans with the remaining £727.4m being secured on Portfolio BTL and 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 2026, the simple average indexed LTV of retail mortgages is 54.0% (30th June 2025: 51.3%; 31st December 2025: 53.0%).

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

	30 June 2026 Unaudited		30 June 2025 Unaudited		31 December 2025 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	3,204.9	1.6	3,467.0	1.9	3,301.0	1.6
Stage 2: *Lifetime expected credit losses*						
< 30 days past due	257.3	1.0	173.0	0.5	225.6	0.7
> 30 days past due	18.0	0.1	12.0	0.1	15.0	0.1
Stage 3: *Lifetime expected credit losses*						
< 90 days past due	17.8	0.1	14.1	0.1	16.5	0.1
> 90 days past due	14.3	0.1	10.0	0.3	11.8	0.1
	3,512.5	**2.9**	**3,676.1**	**2.9**	**3,569.9**	**2.6**

14. Financial instruments (continued)

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

Secured Business Loans

SBLs include commercial lending and portfolio BTL and are 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 62.3% (30th June 2025: 60.1%; 31st December 2025: 61.3%).

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

	30 June 2026 Unaudited		30 June 2025 Unaudited		31 December 2025 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	676.6	1.1	648.9	1.3	676.5	1.2
Stage 2: *Lifetime expected credit losses*						
< 30 days past due	40.3	0.4	20.5	0.2	30.9	0.3
> 30 days past due	4.8	0.1	4.0	-	4.0	0.1
Stage 3: *Lifetime expected credit losses*						
< 90 days past due	4.1	0.2	3.7	0.2	4.0	0.2
> 90 days past due	1.7	0.1	2.3	0.2	1.4	0.1
	727.4	**1.9**	**679.4**	**1.9**	**716.8**	**1.9**

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 2026, there were 71 forbearance cases within the retail loans category (30th June 2025: 58; 31st December 2025: 71) and 18 cases within the SBL loans category (30th June 2025: 25; 31st December 2025: 20).

15. Notes to the cash flow statements

	Period to 30 June 2026 Unaudited £m	Period to 30 June 2025 Unaudited £m	Year ended 31 December 2025 Audited £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**

Responsibility Statement

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 25 to 27 and within the Risk Management Report starting on page 47 of the 2025 Annual Report and Accounts and those detailed on page 15 of this Interim Financial Report.

A list of the Directors who served on the Board during the first 6-months of 2026 is presented below:

Director's name	Role	Notes
Sue Hayes	Chief Executive	
Anthony Murphy	Chief Financial Officer	Resigned from the Board on the 15th of May 2026.
Cara Bell	Chief Financial Officer	Appointed to the Board on the 18th of May 2026.
Simon Baum	Chief Risk Officer	
Robin Ashton	Chair and Non-Executive	
Peter O'Donnell	Senior Independent and Non-Executive	
Kavita Patel	Non-Executive	Resigned from the Board on the 27th of April 2026.
Kerry Spooner	Non-Executive	
Amany Attia	Non-Executive	Appointed to the Board on the 11th of June 2026.
Chris Sparks	Non-Executive	
Clodagh Gunnigle	Non-Executive	

Signed on behalf of the Board on 29th July 2026 by:

Sue Hayes
Chief Executive Officer

Cara Bell
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 30 June 2026 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 15. 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 30 June 2026 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, 29th July 2026

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 2025 has been extracted from the Annual Report and Accounts for that year. The Annual Report and Accounts for the year ended 31st December 2025 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