

# 2025 Members' Newsletter

Including our Summary Financial Statements

**Nottingham**  
Building Society

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# Your Board of Directors

## Directors up for election and re-election



**Sue Hayes**  
Chief Executive Officer

Appointed: 01.03.22

Sue joined the Society in January 2022 and was appointed as Chief Executive Officer ('CEO') in March 2022. Sue has focused her career in Retail and Business Banking and has held senior positions at Lloyds, HBOS, NatWest, Santander and Barclays. Sue joined challenger bank Aldermore in 2018 and more recently was CEO at GB Bank, a new entrant challenger, which she took through to the first stage of the banking licence and raised additional funding. Sue previously sat on the UK Finance Mortgage Board as Deputy Chair and has been nominated to the UK Finance Mortgage Board again as a Mutual representative. Sue holds an Executive MBA from Cranfield Business School.

**"In 2025 our fantastic team delivered disciplined financial performance whilst embedding major investments in technology, resilience and member service. In line with our strategy, we strengthened our specialist lending capability, achieved strong savings performance and maintained top ratings for service from our members. If re-elected, I will continue this strategic momentum to ensure members benefit fully from these investments as we grow as a member focussed modern mutual in 2026."**



**Anthony Murphy\***  
Chief Financial Officer

Appointed: 23.06.23

Anthony joined the Society in March 2023 as Chief Financial Officer ('CFO'). He is also a Council Member of the University of Nottingham. Anthony was previously CFO of Tandem, a digital challenger bank, playing a pivotal role in their strategic transformation and journey towards profitability. His prior experience includes CFO positions in a listed regional bank in the United Arab Emirates and senior roles in finance and strategy at Lloyds Banking Group, notably as Finance Director of its Middle East Business and supported its sale to HSBC in 2012. Anthony's extensive international and domestic experience in challenger and established banks continues to support NBS ongoing transformation. Anthony is also a member of Chartered Institute of Management Accounting ('CIMA').

**"It is an honour to be part of a business with such an established history and clear purpose. Since my arrival in March 2023, I have been hugely impressed by the strategic vision and the Society's ongoing transformation, which is fully aligned to the mutual ethos of developing a sustainable business that meets the needs of our members and wider stakeholders both today and in the future."**

\* Subsequent to the year end, Anthony Murphy has formally resigned from his position as the Society's Chief Financial Officer. He will continue to stand for re-election and remain in post until his planned departure in May 2026. The Society has commenced a formal recruitment process to appoint his successor, and this process is currently well underway.

## Directors up for re-election (continued)



**Simon Baum**  
Chief Risk Officer

Appointed: 18.06.18

Simon joined the Board as a Non-Executive Director in June 2018, moving to be appointed as an Executive Director and Chief Risk Officer ('CRO') of the Society in May 2023. Simon has spent over 35 years specialising in risk management within the financial services sector, holding several senior positions at Experian, Alliance & Leicester and Santander, both within the UK and overseas. His previous roles include Director of Mortgage Risk at Santander.

**"It is both a pleasure and a privilege to be a Director of Nottingham Building Society. In uncertain times, our Society has continued to maintain a strong focus on ensuring that it delivers its strategic objectives whilst protecting both members' interests and financial resources. If re-elected, I look forward to continuing this effort to ensure that the long-term sustainability of the Society is preserved."**



**Robin Ashton**  
Board Chair and Nomination  
Committee Chair

Appointed: 01.12.23

Robin joined the Board as a Non-Executive Director in December 2023 and was appointed Chair of the Board in July 2024. He is also a Non-Executive Director and Chair of the Audit & Risk Committee of Domestic & General Limited, Member of the Audit & Risk Committee of Domestic & General Insurance plc and Deputy Chair of the supervisory board of Domestic & General Insurance Europe AG. Robin brings sector knowledge and extensive leadership experience to the table, having served as Chair of Leeds Building Society for over seven years and as a Non-Executive Director and Senior Independent Director at Shawbrook Group plc.

**"I am proud to have overseen a highly successful year for Nottingham Building Society – our financial performance has been strong in a challenging market, delivering value for our members. At the same time we have delivered positive change that will ensure the success of our Society for future generations."**



**Kerry Spooner**  
Senior Independent Director

Appointed: 01.09.16

Kerry joined the Board as a Non-Executive Director in September 2016. Kerry is also independent Non-Executive Chair of the Remuneration Committee of The Bank of Nova Scotia, London Branch and Non-Executive Chair of the Remuneration Committee of ANZ Banking Group UK Branch. She had 10 years of financial services experience in the Building Society sector before joining the Board. Kerry acted as a Non-Executive Director at two other building societies and has experience as Vice Chair, Senior Independent Director and Chair of Board Risk Committees. Prior to that she worked as a solicitor for 20 years, the last nine years as a Corporate Finance Partner of the international law firm A&O Shearman.

**"Our Society remains strong, responsible and driven by our members' best interests. If re-elected, I look forward to helping sustain this direction and contributing to our future success."**



**Peter O'Donnell**  
Audit Committee Chair

Appointed: 01.01.21

Peter joined the Board in January 2021. Peter is a Non-Executive Director at Queen Victoria Hospital Foundation Trust and is a Member of the Board of One Family, a mutual insurance company based in Brighton. He has over 30 years' experience in financial services and worked in a variety of senior finance roles at Prudential, RSA and Aviva. His last executive role was as Executive Vice President at Unum, a Fortune 500 company where he was also CEO of its UK business and Chairman of Unum Poland. Peter has a Bachelor of Commerce Degree from University College Dublin, is a fellow of CIMA and has significant experience of both international and UK financial services markets.

**"I am delighted to continue to serve our members as a Board Director and Chair of Audit Committee. The business has a great history, purpose and value set. Despite the challenging environment of recent years, the Society has continued to look after its members and support its community. I am very proud to be involved with such a great business with a clear purpose and exciting strategy. If re-elected, I look forward to working with the team to build on our successes."**

## Directors up for re-election (continued)



**Clodagh Gunnigle**  
Remuneration Committee  
Chair

Appointed: 22.09.25

Clodagh was appointed to the Board as a Non-Executive Director on 22<sup>nd</sup> September 2025. She currently serves as a Non-Executive Director of Alpha Bank London, where she Chairs the Remuneration Committee; and Admiral Financial Services. She is also a Non-Executive Director of a domestic violence charity in Ireland. Clodagh is a chartered accountant with extensive experience in consumer financial services across finance, credit and risk. Her executive career included senior leadership positions at GE Capital and Arrow Global PLC, where she gained significant expertise in governance, transformation, and mergers and acquisitions.

**"Since joining the Board in September 2025, and taking on the role of Chair of the Remuneration Committee, I've been struck by the Society's clarity of purpose and its commitment to its members. I look forward to applying my governance, risk and transformation experience to support the Board's work and help ensure we continue to deliver long-term, sustainable value for our members"**



**Chris Sparks**  
Risk Committee Chair

Appointed: 01.03.25

Chris was appointed to the Board as a Non-Executive Director on 1<sup>st</sup> March 2025. He is a non-Executive Director and Chair of the Risk Committee of Unity Trust Bank PLC. Chris spent 9 years at challenger bank Atom as a member of the Executive Committee, ensuring risk management excellence and enabling the successful growth of the bank. Prior to Atom, Chris had a distinguished leadership career in the UK Retail Banking sector where he specialised in finance, data and risk management at HSBC, GE Capital, RBS and Virgin Money.

**"Since joining the Board in March 2025, I'm delighted to have taken on the role of Chair of the Board Risk Committee at such an important time for the Society. Nottingham Building Society has strong potential and a clear purpose, and I look forward to using my experience in risk management and sustainable growth to support the Society as it builds for the future and continues to deliver for its members."**



# Key Highlights



**6,668**  
New mortgage customers  
(2024: 9,166) ▼



**£883m**  
Gross new lending  
(2024: £1,215m) ▼



**4.8** ☆  
Trustpilot score  
(2024: 4.9) ▼

In 2025, we maintained excellent member service, whilst moderating lending to focus on investment to strengthen resilience for future growth



**£164.3m**  
Total interest paid to savers  
(2024: £154.6m) ▲



**64.3%**  
Net promoter score  
(2024: 61.5%) ▲

Another record year of giving back, as colleagues continued to increase their volunteering commitment across our communities



**3,938hrs**  
Colleague volunteering  
(2024: 3,522) ▲

▲ Positive movement ▼ Adverse movement ▶ Stable



**£4.3bn**

**Total mortgage assets**

(2024: £4.2bn) ▲

Delivering a resilient performance while strengthening our foundations for sustainable, long-term growth



**1.62%**

**Net interest margin**

(2024: 1.72%) ▼



**11bps**

**ECL coverage ratio**

(2024: 12bps) ▲

Delivering increased value for our members, with higher savings balances and greater interest paid throughout the year



**£4.6bn**

**Total savings balance**

(2024: £4.4bn) ▲



**£16.7m**

**Profit before tax**

(2024: £13.9m) ▲



**£20.9m**

**Underlying profit before tax**

(2024: £22.8m) ▼



**14.1%**

**CET1 ratio**

(2024: 13.7%) ▲



**5.1%**

**Leverage ratio**

(2024: 4.9%) ▲



**236%**

**Average LCR**

(2024: 172%) ▲

# Summary Financial Statement

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**We are pleased to share our Summary Financial Statement for the year ended 31<sup>st</sup> December 2025.**

This statement summarises information from the audited Annual Report and Accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors from 6<sup>th</sup> March 2026 at [www.thenottingham.com](http://www.thenottingham.com).

## Financial performance

2025 has been a strategically disciplined year for Nottingham Building Society ('NBS'), following two years of strong 'double-digit' growth. As planned, we managed lending volumes to lower levels in order to embed major technology, resilience, and member-service investments. New mortgage lending totalled £0.9bn (2024: £1.2bn), reflecting this deliberate approach.

Despite a volatile external environment and increased market competition, our mortgage book continued to perform strongly with arrears remaining exceptionally low, reflecting the prudent underwriting and low-risk profile of our mortgage portfolio. We made significant progress in specialist lending, including the rollout of our new mortgage platform, the Inviting Difference In ('IDI') Broker Portal, with MQube, which supported a growing share of new lending by year end. Our long-standing partnership with Gen H continued to perform well, with over 5,000 homeowners supported through £1bn of NBS funding to date.

Savings performance was a standout success, with total interest paid to savers

rising to £164.3m (2024: £154.6m). We delivered a record ISA season, with branches achieving £80m of Fixed ISA deposits in April alone. Funding strength was further enhanced through our debut Public Residential Mortgage-Backed Securitisation ('RMBS'), securing £350m to support TFSME repayment and diversify our funding profile.

## Our continued transformation

During 2025 we focused on embedding the significant investments made across technology, operational resilience and member experience. Key achievements included the implementation of our aforementioned new mortgage platform and decisioning systems, substantial cyber-security and resilience upgrades, a new cloud environment, and broader adoption of AI to enhance both broker and internal processes. These improvements have shortened time-to-offer, increased capacity, and supported more personalised lending decisions.

Our transformation was supported by changes within our leadership team, including new appointments in technology, lending, savings, customer, resilience, and internal audit. Investment in colleague capability also increased through our Society-wide Change Excellence programme and a new partnership with Octopus Money to support colleague financial wellbeing.

We maintained exceptional service levels throughout this period of change, reflected in our 4.8 Trustpilot score from over 5,000 reviews, reaffirming our position as one of the highest-rated building societies.

## Our members, colleagues and communities

We continued to invest in our communities, contributing £144,511 (2024: £124,437) and delivering 3,938 volunteer hours (2024: 3,522), reflecting our ongoing commitment to our mutual values. We strengthened our partnerships with Emmanuel House, Shelter, and ThinkForward, and expanded our presence at Pride events across the region.

Our new flagship branch on Clumber Street brought our refreshed brand to life, alongside further branch rebrands across the network.

Engagement with members remained strong, supported by the new Colleague and Member meeting space at our Head Office, where we welcomed over 80 participants to help shape our future service. Throughout the year, our colleagues demonstrated exceptional commitment in delivering our transformation and supporting members during a time of significant operational change.



## Outlook

We entered 2026 on a stronger footing, with modern capabilities, and a clear sense of direction. We have a revitalised technology foundation and growing capability across specialist lending. We anticipate continued economic uncertainty, including further Bank Rate reductions and evolving geopolitical conditions, and will remain disciplined in managing our Net Interest Margin ('NIM').

Our priorities for 2026 include scaling specialist lending, enhancing member experience across all channels, embedding key technology platforms, strengthening operational resilience and advancing our data and cloud strategy. Our selection into the Prudential Regulation Authority ('PRA') and Financial Conduct Authority's ('FCA') Scale-up Unit reflects our ambition to grow sustainably while maintaining high regulatory standards.

We move forward with confidence, guided by our commitment to serve members, support our colleagues, and deliver long-term, sustainable growth.

### **Sue Hayes**

Chief Executive Officer

4<sup>th</sup> March 2026

# Summary Financial Statement (continued)

Approved by the Board on 4<sup>th</sup> March 2026 and signed on its behalf by:

**Robin Ashton**  
Board Chair

**Sue Hayes**  
Chief Executive Officer

**Anthony Murphy**  
Chief Financial Officer

	2025	204
	£m	£m
<b>Group results for the year</b>		
Net interest income	86.7	83.6
Other (expense) / income	(2.7)	4.8
Administrative expenses, depreciation and amortisation	(67.9)	(64.3)
<b>Operating profit before impairment and loss on disposal of treasury assets</b>	<b>16.1</b>	<b>24.1</b>
Impairment credit - loans and advances to members	0.4	-
Voluntary payment expense associated with Philips Trust Corporation	0.4	(11.2)
Recoveries against Philips Trust Corporation expense	0.1	1.0
Movement in Equity Investment Fair Value	(1.1)	-
Profit on disposal of freehold land and buildings	0.8	-
<b>Profit for the year before taxation</b>	<b>16.7</b>	<b>13.9</b>
Taxation	(6.0)	(4.6)
<b>Profit for the year</b>	<b>10.7</b>	<b>9.3</b>

	2024	2023
	£m	£m
<b>Reconciliation of statutory profit to underlying profit</b>		
<b>Statutory profit before taxation</b>	<b>16.7</b>	<b>13.9</b>
Adjusted for:		
Losses / (gains) from derivative financial instruments	3.0	(3.9)
Net strategic investment costs	1.4	2.6
Voluntary payment expense associated with Philips Trust Corporation	(0.4)	11.2
Recoveries against Philips Trust Corporation expense	(0.1)	(1.0)
Movement in Equity Investment Fair Value	1.1	-
Profit on disposal of freehold land and buildings	(0.8)	-
<b>Underlying profit before taxation</b>	<b>20.9</b>	<b>22.8</b>

	2025	2024
Group financial position at end of year	£m	£m
<b>Assets</b>		
Liquid assets	1,071.1	917.0
Derivative financial instruments	29.4	80.9
Loans and advances to customers	4,305.0	4,201.8
Fixed and other assets	30.8	27.0
<b>Total Assets</b>	<b>5,436.3</b>	<b>5,226.7</b>
<b>Liabilities</b>		
Shares	4,631.2	4,350.5
Borrowings	465.5	557.2
Derivative financial instruments	31.2	22.9
Other liabilities	17.7	18.8
Subscribed capital	24.0	24.0
Reserves	266.7	253.3
<b>Total Liabilities &amp; Reserves</b>	<b>5,436.3</b>	<b>5,226.7</b>

	2025	2024
Summary of key financial ratios	%	%
Gross capital as a percentage of shares & borrowings <sup>2</sup>	5.71	5.65
Liquid assets as a percentage of shares & borrowings <sup>3</sup>	21.02	18.66
Profit for the year as a percentage of mean total assets <sup>4</sup>	0.20	0.19
Management expenses as a percentage of mean total assets <sup>5</sup>	1.28	1.33
Management expenses as a percentage of mean total assets (Society only) <sup>5</sup>	1.26	1.32

#### Notes

1. The Summary Financial Statement is prepared on a Group basis.
2. The gross capital ratio measures the proportion which the Group's capital bears to the Group's shares and borrowings. The Group's gross capital consists of subscribed capital plus reserves. Capital provides a financial cushion against difficulties which might arise in the Group's business and therefore protects investors.
3. The liquid assets ratio measures the proportion which liquid assets held in the form of cash, short term deposits and investments bears to the Group's shares and borrowings. As liquid assets are by their nature readily realisable, this assists the Group in its cash management and enables the Group to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.
4. The ratio of profit for the year as a percentage of mean total assets measures the proportion which the profit after taxation for the year bears to the average balance of the total assets during the year. The ratio is similar to a company's return on assets. The Group needs to generate a reasonable level of profit each year in order to maintain its capital ratios at a suitable level to protect investors.
5. The ratio of management expenses as a percentage of mean total assets measures the proportion which administrative expenses as reported in this document (which includes depreciation and amortisation) bear to the mean of total assets in accordance with the Accounts Regulations.

# Independent Auditor's Report

## Statement of the Auditors to the Members and Depositors of the Nottingham Building Society

We have examined the Summary Financial Statement of Nottingham Building Society for the year ended 31<sup>st</sup> December 2025 which comprises the 'Group results for the year', 'Group financial position at end of year' and 'Summary of key financial ratios' together with the table marked as "audited" within the Summary Directors' Remuneration Report.

## Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Summary Financial Statement within the Members' Newsletter, in accordance with the Building Societies Act 1986, which includes information extracted from the Annual Report and Accounts and the audited part of the Directors' Remuneration Report of Nottingham Building Society for the year ended 31<sup>st</sup> December 2025.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Members' Newsletter with the Full Annual Financial Statements, the Annual Business Statement, the Directors' Remuneration Report and the Directors' Report, and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made thereunder.

## Basis of our opinion

Our examination involved agreeing the balances disclosed in the Summary Financial Statement to the Annual Report and Accounts, Annual Business Statement and Directors' Report. Our audit report on

the Society's Annual Report and Accounts and the audited part of the Directors' Remuneration Report describes the basis of our opinion on those financial statements and the audited part of that report.

## Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Financial Statements, the Annual Business Statement, the Summary Directors' Report and the Directors' Remuneration Report of Nottingham Building Society for the year ended 31<sup>st</sup> December 2025 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made thereunder.

## Use of our report

This statement is made solely to the Society's members and depositors of Nottingham Building Society, as a body, in accordance with Section 76 of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members and depositors as a body, for our audit work, for this statement, or for the opinions we have formed.

## Ernst & Young LLP

Registered Auditors  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EX  
4<sup>th</sup> March 2026



**Nottingham**  
Building Society

# Summary Directors' Remuneration Report

## Statement by the Chair of the Remuneration Committee

On behalf of the Committee, I am pleased to present the annual Directors' Remuneration Report, which sets out the Remuneration Policy and details of the Directors' remuneration in the year ended 31<sup>st</sup> December 2025.

NBS is committed to best practice in its remuneration of directors. This report explains how the Society applies the relevant principles and requirements of the remuneration regulations and Codes. The report has two sections:

- Remuneration Policy, which sets out the Society's Remuneration Policy for directors; and
- Annual Remuneration Report, which outlines how the policy was implemented in 2025.

## Committee structure

In 2025, the Remuneration Committee membership was made up as follows:

<b>Simon Linares</b>	Non-Executive Director and Chair of RemCo (Retired from the Board on 30 <sup>th</sup> November 2025)
<b>Clodagh Gunnigle</b>	Non-Executive Director and Chair of RemCo (Joined the Board on 22 <sup>nd</sup> September 2025 and was appointed the Chair of RemCo role following Simon Linares' retirement in November 2025)
<b>Robin Ashton</b>	Non-Executive Director and Board Chair
<b>Kerry Spooner</b>	Non-Executive Director, Senior Independent Director
<b>Kavita Patel</b>	Non-Executive Director

## 2025 performance and awards

The Chair's Statement, Chief Executive's Review and Strategic Report on pages 4 to 11 of the Annual Report describe 2025 as a period of disciplined consolidation and strong performance despite volatile economic conditions. Nottingham Building Society remained a top-ten mutual with total assets of £5.4bn, strengthening its foundations while embedding major technology and operational investments. The Society sharpened its purpose around specialist residential mortgages and continued to provide a safe, valued home for savers. Capital ratios remained robust, supported by enhanced funding resilience. Service quality also remained sector-leading, with a 4.8 Trustpilot score from over 5,000 reviews, alongside national recognition for transformation through the Change Excellence programme.

In this context, NBS is pleased to confirm its Annual Bonus Plan for 2025. The bonus for 2025 is determined by the Society's financial and strategic performance, as well as each employee's individual achievements. Additionally, the existing Medium-Term Incentive Plan ('MTIP') was replaced with a new MTIP that continues to support our strategy and engages and retains the leaders in charge of delivering it, whilst recognising an enhanced focus on key programmes of investment. The new MTIP spans a three-year performance period, with rigorous performance conditions and benchmarks. The Directors' variable compensation will be tied exclusively to the Annual Bonus Plan and new MTIP.

It is in this context that the payments to Executive Directors have been determined and are detailed in this report. In 2025, the Committee reviewed and approved payment of the deferred element of the 2021 Bonus Plan.

## Remuneration Committee

The primary objective of the RemCo, under delegated authority from the Board, is to make recommendations to the Board on the general Remuneration Policy of NBS and specifically on the remuneration of Executive Directors and other Remuneration Code staff (including Material Risk Takers), ensuring that remuneration is in line with the Society's business drivers, values and ambitions and adheres to the Remuneration Policy. In addition, the Committee is responsible for approving the variable pay, reward principles, compliance with the Remuneration Code and policy statement.

The Committee is made up of a minimum of three Non-Executive Directors, as detailed within the table above. The CEO, Chief People Officer ('CPO') and General Counsel & Society Secretary attend the meetings by invitation.

NBS adheres to the requirements of the Remuneration Code applicable to a Level 3 firm as defined by the Regulator. Non-Executive Directors do not receive variable remuneration. Information on NBS's other Remuneration Code Staff is set out in the Pillar 3 disclosures published on our website [www.thenottingham.com](http://www.thenottingham.com), along with the Committee's terms of reference.

## Committee activities

The Committee met five times in 2025, with activities including:

<b>Remuneration Policy</b>	<ul style="list-style-type: none"><li>• Review of the Remuneration Policy for 2025 and recommending it to the Board for approval;</li><li>• Reviewing and approving the Remuneration Policy Statement ensuring its compliance with the Remuneration Code; and</li><li>• Reviewing regulatory updates and assessing the impact on NBS.</li></ul>
<b>Fixed Remuneration</b>	<ul style="list-style-type: none"><li>• Oversight of the activities undertaken by the Executive Committee ('ExCo') in relation to reward;</li><li>• Considering the annual pay review for all eligible employees;</li><li>• Agreeing the terms for any appointments and leavers for executive level and other Remuneration Code staff (including Material Risk Takers);</li><li>• Consideration of additional provision of employer pension contributions for all colleagues; and</li><li>• Agreeing Financial Coaching Provision for all colleagues.</li></ul>
<b>Variable Remuneration</b>	<ul style="list-style-type: none"><li>• Agreeing the release of 2021 bonus deferrals;</li><li>• Agreeing a new Annual Bonus Plan for 2025; and</li><li>• Review of the MTIP.</li></ul>

RemCo intends to review the construct of the Annual Bonus Plan in 2026.

## Remuneration Policy

NBS's Remuneration Policy reflects its objectives for good governance, appropriate risk management and acting in the long-term best interests of members. The policy is there to ensure that:

- Remuneration should be sufficient to attract, reward, retain and motivate high quality leaders and employees to run the Society successfully, delivering value for our members whilst avoiding paying more than is necessary for this purpose in line with our mutual ethos; and
- Remuneration is structured to strike the right balance between fixed and variable pay. Variable pay schemes are designed to incentivise and reward appropriate behaviour and performance, aligned with NBS's position on risk; rewards are only attributed to the delivery of success and achievement of objectives.

NBS is classified as a level 3 firm and seeks to apply appropriate remuneration best practice for all Remuneration Code staff and other staff.

All pay is benchmarked using externally provided data and the approach to pay reviews is consistently applied to all colleagues across the Society, regardless of position.

## Recruitment policy for Executive Directors

NBS's approach to recruitment is to remain competitive in the market while ensuring we pay no more than is necessary to attract and retain the right talent for roles across the business, including Executive positions. Any new Executive Director's remuneration package will be consistent with our Remuneration Policy as outlined in this report. Any payments made to Executive Directors on joining the Society to compensate them for forfeited remuneration from their previous employer will be compliant with the provisions of the Remuneration Code and will be approved by the RemCo.

## Service contracts

All Executive Directors, in line with best practice, have service contracts outlining their duties and terms and conditions of employment. The CEO's contract is terminable at any time by the Society on 12 months' notice and by the CEO on 12 months' notice. The contracts for the other Executive Directors are terminable at any time by the Society on six months' notice and by the individual on six months' notice. Unless notice to terminate is given by either party, all contracts continue automatically.

## Payment for loss of office of Executive Directors

Any compensation in the event of early termination is subject to RemCo recommendation and Board approval. Pension contributions cease on termination under the rules of the pension scheme.

## Other Directorships

None of the Executive Directors currently hold any paid external directorships.

## Executive Directors' total remuneration

Executive Directors' emoluments comprise a basic salary, variable pay, pension entitlement and other taxable benefits as outlined on pages 20 to 23 of this report.

The total remuneration received by Executive Directors is detailed on page 22 and 23 of this report. The information has been audited and shows remuneration for the years ended 31<sup>st</sup> December 2025 and 31<sup>st</sup> December 2024 as required under the Building Societies (Accounts and Related Provisions) Regulations 1998.

The remuneration of Executive Directors is considered annually by the RemCo attended by NBS's CEO, who (except in respect of their own remuneration) makes recommendations regarding executive pay and agreed recommendations are referred to the Board.

The CEO is the Society's highest paid employee and no employee earns more than the CEO.

The salary of Executive Directors increased by 2.0% in 2025. This is in line with the wider Society, with the basic salary increase for colleagues ranging from 2.5% to 3.0% depending on grade, with minimum salaries implemented to reflect the Living Wage.

## Chief Executive Officer pay ratio

The CEO pay ratio is presented as follows to promote transparency and encourage good governance. The CEO is the highest paid person within the organisation, and this is compared with the 25th, 50th and 75th percentile employees to calculate the CEO pay ratio. This uses a single total figure of remuneration which includes total salary, variable pay, pension and taxable benefits.

The Society has chosen to publish the CEO pay ratio using the recommended and government preferred approach (Option A). Option A involves calculating the actual full time equivalent remuneration for all relevant employees for the financial year in question.

These values are then listed in order from lowest to highest and the values at the three percentile points identified as disclosed below:

Year	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
2025	19:1	14:1	7:1
2024	21:1	15:1	8:1

	25 <sup>th</sup> percentile	Median	75 <sup>th</sup> percentile
2025			
Total remuneration	£26,648	£37,873	£69,025
Salary	£23,815	£34,028	£60,618
2024			
Total remuneration	£25,486	£35,034	£64,630
Salary	£22,829	£31,130	£56,116

Employee data includes full time equivalent total remuneration for Society employees as at 31<sup>st</sup> December.

# Summary Directors' Remuneration Report (cont.)

## Non-Executive Directors

The Chair and other Non-Executive Directors each receive an annual fee reflective of the time commitment and responsibilities of the role. Fees for Non-Executive Directors are set by reference to benchmark information from a building society comparator group, agreed with the Board and take into consideration the principles underpinning the annual salary review.

The Non-Executive Directors' fees are reviewed by the Chair together with the Executive Directors before recommendations are referred to the Board. Remuneration of the Chair is considered by the RemCo, together with the Society's CEO, without the Chair being present.

Non-Executive Directors do not receive variable pay or pensions to encourage their independence.

Non-Executive Directors are reimbursed for reasonable expenses incurred during their work on the Society's business.

Component	Purpose	Operation
<b>Basic salary</b>	Fixed remuneration set to attract and retain executives of appropriate calibre and experience. Basic salary is assessed by reference to roles carrying similar responsibilities in comparable organisations. A comparator group is used that consists of Executive Director positions within banks and building societies of a similar size and complexity.	Reviewed annually and linked to personal performance and market sector benchmarking, including Willis Towers Watson benchmark data.
<b>Variable pay</b> Annual Bonus Plan	Linked to the delivery of the Society and personal objectives. Used to reward Executive Directors within the context of achieving the Society's goals and objectives.  Payments under the variable pay schemes are not pensionable.	The bonus will only be awarded if the threshold criteria for both Society and individual performance targets are met and a payment is triggered in the Annual Bonus Plan.  50% of the bonus is deferred for three years and payment is subject to meeting Society and individual performance threshold criteria in each of the years from award to payment.  The Committee has the discretion to reduce or withhold the deferred element if it becomes apparent that the basis on which the variable pay award was made was wrong or that financial performance has deteriorated materially since the award.  The deferred payment, prior to the 2022 performance period, is subject to clawback for a period of three years after payment. For performance periods from 2022 onwards, the deferred payment is subject to clawback for a period of 7 years after payment.

## Remuneration Code staff (Material risk takers)

The remuneration of all Remuneration Code staff is overseen directly by the RemCo. Fixed and variable pay decisions (including appointment packages) for Remuneration Code Staff (excluding the Chief Independent Audit Officer ('CIAO') where the decision is made by the Chair of the BAC and approved by the RemCo), are proposed by the Executive and all decisions are recommended to the RemCo for approval.

The Society's Remuneration Code staff are informed of their status through written communication. This communication includes the implications of their status including the potential for remuneration that does not comply with certain requirements of the Remuneration Code to be rendered void and recoverable by the Society.

### Performance measures

Increases based on:

- Overall employee pay increases in the Group;
- Benchmarking comparisons;
- Personal performance; and
- Role and experience.

The scheme is based upon three elements:

- **Financial adequacy** - achievement of a minimum level of adjusted Profit Before Tax before any bonus is payable.
- **The Annual Bonus Plan** measures Society performance against four strategic pillars:
  - growing & rewarding membership;
  - responsible society;
  - strategic reinvention; and
  - safe & secure.
- **Individual performance** including achievement of strategic objectives.

Personal performance objectives, appropriate to the responsibilities of the Executive Director, including the achievement of appropriate strategic progress are set at the start of each year. Objectives are set within board risk appetite and regulatory requirements.

### Opportunity

The base salaries of Executive Directors are reviewed as for any other employee in accordance with the reward matrix, except in circumstances where:

- market peer benchmarking indicates that remuneration is moving out of line of the appropriate peer group; and / or
- there has been a material increase in scope or responsibility of the Executive Director's role.

The maximum award possible is 50% of basic salary, payable with 50% of the award deferred for three years.

# Summary Directors' Remuneration Report (cont.)

Component	Purpose	Operation
<b>Variable pay</b> Medium-term Incentive Plan (MTIP)	One-off incentive used to reward, engage and retain Executive Directors to deliver the Society's strategy.  Payments under the variable pay schemes are not pensionable.	The incentive will only be awarded if the threshold criteria and Society performance targets are met once the performance period of three years (2025 to 2027) has concluded.  50% of the incentive payment will be made in March 2028 with the remaining 50% deferred until September 2028. Payment is subject to meeting Society and individual performance threshold criteria from award to payment.  The Committee has the discretion to reduce or withhold the payment if it becomes apparent that the basis on which the variable pay award was made was wrong or that financial performance has deteriorated materially since the award.  The payment is subject to clawback for a period of seven years after payment.
<b>Pension or pension allowance</b>	A part of fixed remuneration to attract and retain Executives of appropriate calibre and experience.	Executive Directors are invited to join the Society's defined contribution pension plan, or, as an alternative, be provided with an equivalent cash allowance.
<b>Benefits</b>	A part of fixed remuneration to attract and retain executives of appropriate calibre and experience.	The benefits received by Executive Directors are private medical insurance and a car allowance.

## Annual report on remuneration | Executive Director remuneration

	2025 Sue Hayes	2025 Anthony Murphy	2025 Simon Baum	2025 Total
Audited Society	£000	£000	£000	£000
<b>Fixed remuneration</b>				
Salary <sup>1</sup>	400	305	259	<b>964</b>
Benefits	11	29	12	<b>52</b>
<b>Variable remuneration</b>				
Annual bonus <sup>2</sup>	70	49	41	<b>160</b>
	<b>481</b>	<b>383</b>	<b>312</b>	<b>1,176</b>
Pension contribution	-	11	-	<b>11</b>
Payments in lieu of pension	32	4	26	<b>62</b>
	<b>513</b>	<b>398</b>	<b>338</b>	<b>1,249</b>

<sup>1</sup> The Directors can sacrifice elements of their salary and variable pay for pension contributions. All figures disclosed in the table above are presented pre-sacrifice.

<sup>2</sup> The annual bonus figure reflects the amounts awarded in the year, which are not subject to deferral, and any deferred amount from previous financial years, paid in year. The remaining element, which is subject to deferral and the achievement of threshold criteria, will be disclosed in the year of payment.

Performance measures	Opportunity
<p>The scheme is based upon three elements:</p> <ul style="list-style-type: none"> <li>• <b>Financial adequacy</b> - achievement of a minimum level of adjusted underlying Profit Before Tax before any incentive is payable.</li> <li>• <b>The MTIP</b> measures performance against the delivery of the Society's strategic objectives, focusing on three key indicators: <ul style="list-style-type: none"> <li>• net interest margin;</li> <li>• proportion of EOB lending; and</li> <li>• delivery of key programmes of investment (including operational resilience, core banking and lending platform initiatives).</li> </ul> </li> <li>• <b>Risk appetite</b> - performance objectives were set within board risk appetite and regulatory requirements. Any payment is subject to achieving the same risk targets as the annual bonus plan for plan years 2025, 2026 and 2027.</li> </ul>	<p>The maximum award possible is a cash lump sum of £500,000 for the CEO and £250,000 for the other Executive Directors, payable at the end of the performance period in December 2027, deferred 50% until March 2028 and 50% until September 2028.</p>
Not applicable.	Pension contributions for new Executive Directors appointed post 1 <sup>st</sup> January 2020 will be aligned with the contribution matrix for all employees
Not applicable.	Set at a level considered appropriate for each Executive Director by the Remuneration Committee in line with market practice.

2024 Sue Hayes £000	2024 Anthony Murphy £000	2024 Simon Baum £000	2023 Total £000
391	297	253	941
11	29	12	52
52	41	35	128
<b>454</b>	<b>367</b>	<b>300</b>	<b>1,121</b>
-	15	-	15
31	-	26	57
<b>485</b>	<b>382</b>	<b>326</b>	<b>1,193</b>

# Summary Directors' Remuneration Report (cont.)

The unpaid deferred elements of the annual bonus scheme are as follows:

Executive Directors	Due	Due	Due	Due	Total Deferred
	2026 <sup>1</sup>	2027 <sup>1</sup>	2028 <sup>1</sup>	2029 <sup>1</sup>	
Performance Year	2022	2023	2024	2025	
	£000	£000	£000	£000	£000
Paul Astruc	40	10	-	-	<b>50</b>
Simon Baum	-	29	35	41	<b>105</b>
Sue Hayes	58	62	52	70	<b>242</b>
David Marlow	15	-	-	-	<b>15</b>
Anthony Murphy	-	46	41	49	<b>136</b>
	<b>113</b>	<b>147</b>	<b>128</b>	<b>160</b>	<b>548</b>

Non-Executive Directors	2025 £000	2024 £000
Robin Ashton (Chair)	132	92
Simon Linares (retired from the Board effective 30 <sup>th</sup> November 2025)	65	70
Clodagh Gunnigle (joined the Board on 22 <sup>nd</sup> September 2025)	18	-
Peter O'Donnell	71	70
Kavita Patel	61	60
Kerry Spooner	88	95
Chris Sparks (joined the Board on 1 <sup>st</sup> March 2025)	57	-
Paul Astruc (retired from the Board on 6 <sup>th</sup> April 2024)	-	15
Andrew Neden (retired from the Board on 1 <sup>st</sup> July 2024)	-	87
<b>Total emoluments for services as directors</b>	<b>492</b>	<b>489</b>

## Clodagh Gunnigle

Chair of the Remuneration Committee

4<sup>th</sup> March 2026



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