

Nottingham Building Society
Results for the period ended 30th June 2023

The Nottingham delivers a positive financial performance for the six months ended 30th June 2023, achieving growth in mortgage lending in a challenging economic environment as it continues its transformation plan

Key Performance Indicators

The key performance indicators disclosed below are based on the position at 30th June or for the 6-month period ended 30th June, unless otherwise stated. The average Liquidity Coverage Ratio ('LCR') represents a 12-month average for the period ended 30th June 2023.

- **£457.1m gross new lending** (2022: £252.5m), representing an increase of £204.6m
- **£3.3bn total mortgage assets** (2022: £2.9bn), a growth of £0.4bn
- **3,630 new mortgage customers** (2022: 2,396), an increase of 51.5%
- **£3.1bn total savings balance** (2022: £3.0bn), an uplift of £0.1bn
- **£35.4m total interest paid to savers** (2022: £7.5m), an increase of £27.9m
- **£13.7m underlying profit before tax** (2022: £7.3m), representing an increase of £6.4m
- **2.0% underlying net interest margin** (2022: 1.5%), an absolute increase of 0.5%
- **64.4% underlying cost to income ratio** (2022: 75.4%), an absolute reduction of 11.0%
- **ECL coverage ratio of 18bps** (2022: 10bps), an increase of 8bps
- **16.3% CET1 ratio** (2022: 16.2%)
- **5.9% Leverage ratio** (2022: 5.9%)
- **177.3% average LCR** (2022: 221.8%)
- **4.8 Trustpilot score** (2022: 3.1)
- **67.0% net promoter score** (2022: 67.9%)
- **817 colleague volunteering hours** (2022: 317)

Sue Hayes, Chief Executive of The Nottingham, said:

"This has been a pivotal six months for the Nottingham.

Our strong performance in a volatile economic environment demonstrates the progress we have made towards transforming our building society. We know this has been a challenging time for our members and I am proud that we have done everything we can to support them, by passing on rate rises and paying savers the best rates we can.

The last six months has seen the biggest impact on mortgage holders in 15 years, which is why we were one of the first to sign up to the new "Mortgage Charter" – ensuring our borrowers can access the best solutions for them and helping them through this challenging environment.

As we look to the future, we will support an even broader range of people to own their own home, and we have introduced a range of lending criteria changes in recent weeks that will help enable this. In addition our partnership with Generation Home to make property ownership more achievable continues to develop strongly. We look forward to delivering on these goals during the second half of this year."

Susan Hayes
Chief Executive
26th July 2023

**Consolidated Income Statement
for the six months ended 30 June 2023**

	Period to 30 June 2023 (Unaudited) £m	Period to 30 June 2022 (Unaudited) £m	Year Ended 31 Dec 2022 (Audited) £m
Continuing operations			
Interest receivable and similar income	89.8	39.3	98.8
Interest payable and similar charges	(49.5)	(11.1)	(36.0)
Net interest income	40.3	28.2	62.8
Fees and commissions receivable	1.3	1.8	3.1
Fees and commissions payable	(0.4)	(0.7)	(1.5)
Net (losses)/gains from derivative financial instruments	(3.0)	4.0	10.2
Total net income	38.2	33.3	74.6
Administrative expenses	(22.8)	(18.2)	(42.8)
Depreciation and amortisation	(3.1)	(3.9)	(10.7)
Operating profit before impairment	12.3	11.2	21.1
Impairment release - loans and advances	(0.6)	0.1	(2.2)
Profit before tax	11.7	11.3	18.9
Tax expense	(2.6)	(1.6)	(3.1)
Profit after tax for the financial period from continuing operations	9.1	9.7	15.8

Reconciliation to underlying profit before tax

	Period to 30 June 2023 (Unaudited)	Period to 30 June 2022 (Unaudited)	Year Ended 31 Dec 2022 (Audited)
Profit before tax	11.7	11.3	18.9
Losses/(gains) from derivative financial instruments	3.0	(4.0)	(10.2)
Net strategic investment costs	-	-	5.0
Change in accounting estimates	(1.0)	-	1.5
Underlying profit before tax	13.7	7.3	15.2

**Consolidated Statement of Financial Position
as at 30 June 2023**

	30 June 2023 (Unaudited) £m	30 June 2022 (Unaudited) £m	31 Dec 2022 (Audited) £m
Assets			
Liquid assets	630.1	773.0	719.3
Derivative financial instruments	181.2	83.6	142.6
Loans and advances to customers	3,105.9	2,876.1	2,922.8
Fixed and other assets	29.3	32.9	27.8
Total assets	3,946.5	3,765.6	3,812.5
Liabilities			
Shares	3,132.3	2,984.6	3,009.7
Borrowings	520.1	511.1	518.4
Derivative financial instruments	16.5	6.4	14.4
Other liabilities	13.0	13.4	14.4
Subscribed capital	24.0	24.0	24.0
Total liabilities	3,705.9	3,539.5	3,580.9
Reserves			
General reserves	243.8	228.8	235.0
Fair value reserves	(3.2)	(2.7)	(3.4)
Total reserves attributable to members of the Society	240.6	226.1	231.6
Total reserves and liabilities	3,946.5	3,765.6	3,812.5

Consolidated Statement of Changes in Members' Interests for the period ended 30 June 2023

	General Reserve £m	FVOCI Reserve £m	Total £m
Balance as at 31 December 2022 (Audited)	235.0	(3.4)	231.6
Profit for the period	9.1	-	9.1
<u>Other comprehensive (expense)/income for the period (net of tax)</u>			
Net (losses)/gains from changes in fair value	(0.3)	0.2	(0.1)
Total comprehensive income/(expense) for the period	8.8	0.2	9.0
Balance as at 30 June 2023 (Unaudited)	243.8	(3.2)	240.6
Balance as at 31 December 2021 (Audited)	219.2	(0.1)	219.1
Profit for the period	9.7	-	9.7
<u>Other comprehensive (expense)/income for the period (net of tax)</u>			
Net (losses)/gains from changes in fair value	(0.1)	(2.6)	(2.7)
Total comprehensive income/(expense) for the period	9.6	(2.6)	7.0
Balance as at 30 June 2022 (Unaudited)	228.8	(2.7)	226.1
Balance as at 31 December 2021 (Audited)	219.2	(0.1)	219.1
Profit for the year	15.8	-	15.8
<u>Other comprehensive (expense)/income for the period (net of tax)</u>			
Net (losses)/gains from changes in fair value	-	(3.3)	(3.3)
Total comprehensive income/(expense) for the period	15.8	(3.3)	12.5
Balance as at 31 December 2022 (Audited)	235.0	(3.4)	231.6

Summary consolidated cash flow statement for the period ended 30 June 2023

	30 June 2023 (Unaudited)	30 June 2022 (Unaudited)	31 Dec 2022 (Audited)
	£m	£m	£m
Cash flows from operating activities	16.5	16.4	34.3
Changes in operating assets and liabilities	(103.6)	201.2	132.8
Net cash (used in)/generated by operating activities	(87.1)	217.6	167.1
Net cash flows used in investing activities	(13.8)	(112.6)	(159.2)
Net cash flows used in financing activities	(1.4)	(1.4)	(2.7)
Net (decrease)/increase in cash and cash equivalents	(102.3)	103.6	5.2
Cash and cash equivalents at beginning of period	292.4	287.2	287.2
Cash and cash equivalents at end of period	190.1	390.8	292.4

Notes

- The financial information set out above, which was approved by the Board of Directors on 26th July 2023, does not constitute accounts within the meaning of the Building Societies Act 1986
- The financial information for the year ended 31 December 2022 has been extracted from the Annual Report & Accounts for the year and on which the auditors have given an unqualified opinion