

Press release

THE NOTTINGHAM GROWS MEMBERSHIP AND RETURNS TO PROFITABILITY WHILST INVESTING FOR THE FUTURE AND REMAINING TRUE TO ITS MUTUAL ETHOS

The Nottingham today announced its mid-year results for trading in the six months to 30 June 2021 and shared positive progress against its priorities to grow membership and return to a sustainable, profitable performance. In addition, it spoke of continued efforts to reinvent the Society for the future, by delivering traditional building society activities and independent advice services, across its branch network and digitally.

Key performance highlights for the period ended 30 June 2021:

- Profit after tax of £4.9m with continued investment in innovation and across the Society
- Mortgage assets of £3.0bn reflecting a solid performance in a competitive market
- Sector-leading customer advocacy with a Net Promoter Score of 73%
- Over 50,000 Lifetime ISA customers and increased branch savings balances
- Arrears levels remain very low at less than a quarter of industry average
- Strong liquidity and funding position with liquid assets ratio of 16.6%

Working towards its aim of building a society for the future, in June the next step of its reinvention journey revealed a new approach to providing mortgage advice in association with Mortgage Advice Bureau and Belvoir Financial Services. The new partnership unlocks access to a larger capacity of expert advisors and digital tools that will be essential to its growth ambition and for the home buyers of tomorrow. As well as continuing to provide access to independent mortgage advice across the branch network, the new partnership will seek to offer digital-led mortgage advice through the new Beehive Money app to be launched later this year.

Trading and financial performance

Despite the ongoing restrictions of the pandemic, a clear highlight for the period was the continuing growth of younger members saving into a LISA to buy their first home. The Society now has over 50,000 members doing so, the vast majority digitally, with balances in excess of a quarter of a billion pounds, up from just over £55m a year ago. Branch savings balances also continued to grow in the first half by almost 1% to £2.53bn.

Despite ongoing restrictions impacting footfall and the delivery of service to members during the pandemic, its Net Promoter Score showed good resilience, and although down a little on where it has consistently been before, a score of 73 means it remains among the best performing businesses globally.

One of the key drivers of the performance in the period to 30 June 2021 was increased activity in the housing market which delivered over half a billion pounds in mortgage applications, up over a third on the same period in 2020, with completions up 18% and a good pipeline of business heading into the second half.

The Society's return to profitability was demonstrated with profit before tax sitting at £5.7m on a total group basis, compared to a loss of £4.6m declared in the first half of 2020. This robust all-round improvement in financial performance is also realised at an underlying level, where a profit before tax of £3.7m was delivered in the first half, compared to a loss of £1.3m in 2020 for the total group.

The Society's credit quality enabled it to release some of the provisions for potential losses in 2020. Arrears ratio of 0.19% remains at sector lending levels, with only 44 accounts more than 3 months in arrears at the end of June. The vast majority of the nearly 3,000 members supported with mortgage payment deferrals returned to making payments as normal, with only a handful of arrangements now in place.

Its mutual ethos meant although it outlined an ambition to return to profitability, it could still do the right thing and support communities as it always has. The Society supported charity partner, Framework, with £10k to fund wi-fi throughout its young persons' services for 2021 as part of its 'Level

Up' campaign to end digital exclusion. In addition to this, a joint campaign and new partnership was kicked off with youth charity, The Wolfpack Project, aimed at empowering young people with knowledge and skills. #Findyourfuture focussed on mental health and well-being, tackling loneliness, financial education and careers advice and ran for a month, reaching over 70,000 people.

Outlook

As lockdown begins to unwind, the Society talked about remaining cautious with some uncertainties still present; particularly as government support and subsidiaries are being withdrawn. It also spoke about potential headwinds from Brexit, that have so far been largely masked by the impact of the pandemic.

David Marlow, Chief Executive of The Nottingham, said: "The past 15 months have brought unprecedented challenges to our society and our communities at large. We have navigated those challenges well so far, whilst demonstrating our mutual credentials in support of our members, colleagues, and communities. We are also fundamentally reshaping the Society to support our growing membership well in a newly emerging world. It will be important that we continue to focus on this and be ready for the challenges and opportunities that lie ahead in the remainder of 2021 and beyond.

"We highlighted in our 2020 annual statement the phenomenal role played by every member of the team at The Nottingham and how this had significantly contributed to how we have been able to support our members throughout the pandemic, along with the hard work that went on behind the scenes to drive the significant initiatives and projects required in our reinvention of the Society. This outstanding commitment has continued throughout this year. The Board remain enormously grateful for their continued hard work and focus, without which we would not have been able to report such continued marked progress in 2021 so far.

"Lastly, having completed over 10 years as CEO of the society, a period book-ended by the financial crisis and a global pandemic, over the recent months the Board and I have been in discussions regarding the long-term leadership of the society. We have agreed to work to a plan that will see me step down from my role during 2022. The process to appoint my successor, who will then be ideally placed to lead the society through the next period of our development, is underway.

ENDS

About The Nottingham

Founded in 1849, The Nottingham is a mutual building society owned by its members with a long and proud history of doing the right thing and helping communities prosper. Today, The Nottingham is a top ten building society operating online and via a network of 40-plus branches across nine UK counties. The society is well-known for providing a safe and secure place for people's savings and helping its members into their own homes. In addition to mortgage and saving products, it offers a variety of additional services through expert partners including whole-of-market mortgage advice provided by Mortgage Advice Bureau, estate agency and lettings provided by Belvoir Group and much more including funeral planning, financial advice, and home insurance. Its range of services, alongside its commitment to providing expert advice, support the society's purpose to help its members save, plan for, and protect their financial futures.

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