News release

27 February 2026

Commenting on our results, Steve Hughes, Chief Executive Coventry Building Society, said:

"A defining and transformational year for the Group having brought The Co-operative Bank back into mutual ownership, delivered on our integration and financial performance commitments and created our new ambitious organisational strategy.

We remain absolutely focused on delivering the right outcomes for our members and customers and have started laying the groundwork to create an organisation that is meaningfully different in UK financial services."

The Co-operative Bank was acquired by the Group on 1 January 2025. As a result, comparative information for 2024 excludes the results of the Bank, unless specifically stated.

Robust Group financial performance

- Statutory profit before tax increased to £801 million (2024: £323 million), including a gain of £584 million on the acquisition of The Co-operative Bank ('the Bank'). The day one gain reflects the agreed purchase consideration being over 40% below the fair value of the net assets acquired.
- Underlying[1] profit before tax for the year increased to £374 million (2024: £349 million) reflecting the inclusion of Bank profits.
- Total underlying[1] income of £1,124 million (2024: £664 million) and net interest margin of 1.22% (2024: 1.07%), with the increase in the year reflecting the inclusion of the Bank income, partly offset by a £67m reduction in Society sub-group net interest income as a result of increasingly competitive trading conditions.
- Group underlying[1] costs of £735 million (2024: £333 million), including £404m of Bank costs. The Society sub-group costs remained broadly flat at £331 million. In addition, a further £67 million of one-off costs were incurred in the year relating to acquisition and integration activities.
- Leverage ratio increased from our 1 January 2025 pro-forma level of 4.4% on acquisition of the Bank to 4.6% (2024: 5.7%) and CET1 ratio from 19.1% to 19.7% (2024: 28.0%), well above regulatory levels.
- In the year, it was encouraging to see the Bank's performance in line with expectations, providing confidence in the financial benefits of the acquisition. Strong progress is being made in integrating the two organisations.

Delivering for our members and our personal and business customers

- The inclusion of the Bank has increased our market share[2] of mortgages to 4.2% (2024: 3.1%) and savings to 3.5% (2024: 2.7%) and creates an opportunity to build on the 1.6% market share acquired in the personal current accounts segment.
- Excluding the impact of the acquisition, the Group delivered disciplined growth in residential mortgages given current low margins, with business, commercial and unsecured lending balances remaining stable. In the current competitive market, our focus has been on capital accretion.
- The Group launched a successful limited company buy to let proposition in April, broadening our reach to the residential rental sector with over £1 billion applications received in the year.
- Excluding the impact of the acquisition, Group deposit balances increased by over £2 billion to £72 billion. The Society has continued to offer competitive products with a £398 million premium[3] being paid to members, in line with prior year despite the lower bank rate environment. Over £10 billion of funding from government schemes has been repaid in total.
- Over 76,000 customers opened a personal current account in the year with positive net switching of almost 4,000 and 16,000 new business current accounts were opened.

For more information or additional comment please contact the press office on 0800 121 6868 or email media@thecoventry.co.uk

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Calls to 0800 numbers are free when made from the UK. You may be charged for calls to all other numbers, please contact your service provider for further details.

- The Society continues its record of outstanding customer service with an NPS score[4] of +75 and an average call wait time[5] of just 79 seconds. The year has seen a significant focus on service in the Bank and the average speed to answer calls is now three times faster than 2024 and at the lowest level in the last six years.

Supporting our colleagues and the communities we serve

- Colleague feedback and engagement remain a priority, and we are proud of our continued external recognition as a Great Place to Work in the super large organisation category with an engagement / trust index score of 76%[6]. This is the first combined score for the larger Group and reflects the coming together of two organisations and a period of significant change for colleagues.
- The Society has been named as one of the UK's Best Workplaces for Development[7], recognising our commitment to making colleague development a key part of our culture.
- The Group has invested £6 million over the year in supporting our communities[8], including maintaining funding of £2 million to help tackle youth homelessness.

1. Excluding items that are one off in nature relating to the purchase and integration of the Bank.
2. Source: Bank of England
3. Based on the Society's average month end savings rate compared to the CACI market average rate for savings accounts, excluding current accounts and offset savings, for the 12 months of the year.
4. A measure of customer advocacy that ranges between -100 and +100 which represents how likely a customer is to recommend our products and services.
5. Based on average call waiting times between 1 January 2025 and 31 December 2025
6. A measure indicating a trust-based people first workplace based on positive responses to the annual Great Place to Work survey.
7. by Great Places to Work.
8. Total community investment made by the Group has been determined in line with the Business for Societal Impact (B4SI) framework.

Chief Executive review

It has been a significant year. Integration milestones have been met at a controlled pace but with real energy and purpose. We are committed to delivering a successful integration, which is why we're taking the time to do things properly and create strong foundations for our long-term future. One of our key achievements this year was to define a new shared purpose for the Group. This provides a guide for how we will bring the two organisations together and how we show up for our members, our customers and communities in a way that delivers great service, great value, security and makes a difference to their world.

Our new purpose, 'We power good with every pound', drives everything we do and every decision we make for our colleagues, our members and our customers. At its core is a fundamental belief that every pound holds the power to create positive change. I've been extremely proud to witness that purpose in action as our teams have responded to the challenges we have set. We have made huge progress with bringing together our colleagues, integration of our systems and redefining our common culture.

And we've achieved all this, while maintaining our focus on delivering for members and customers. Our underlying[1] Group profit before tax of £374 million (2024: £349 million) is ahead of our expectations. That performance comes in spite of a challenging external environment in which interest rates are falling, continued cost of living challenges and intensified competition in mortgage and savings markets.

Our statutory profit before tax of £801 million (2024: £323 million) includes a significant day one gain on the acquisition of the Bank. The day one gain of £584 million reflects the agreed purchase consideration being over 40% below the fair value of the net assets acquired. As importantly, our commitment and focus to members and customers is unwavering.

When we envisaged the rationale for the acquisition, it was to create national scale, access to a personal current account offering, business banking and a scaled mortgage and savings franchise. This rationale is more compelling now than ever, in light of both the economic environment and the competitive landscape. The acquisition of the Bank has increased our market share[2] of mortgages to 4.2% and savings to 3.5% (2024: 3.1% and 2.7%), and creates an opportunity to build upon the 1.6% market share acquired in the personal current account segment.

Knowing how to manage your money is increasingly complex. The economy feels uncertain. Interest rates feel unpredictable. For many people, it's never felt harder to manage their family's finances, get on the property ladder or start a business.

Now, more than ever, people want a banking partner they can trust. One they know acts in their best interests – both for today and tomorrow. One they know can help their family, across the generations, through every situation that they face. One that in an increasingly digital world, is able to help them, when, where and how they choose.

Before I go into the detail of our year, I wanted to reflect on one of my personal highlights, introducing our new purpose to our almost 6,000 colleagues. I came away from that event energised by how enthused our colleagues were by what we're seeking to achieve. I'm proud of how far we've already come on our journey and am excited for the future.

Delivering for borrowers

Mortgage markets remained competitive, with thin margins. We prioritised retention, achieving rates of 76% in the Society and 65% in the Bank. We continued to support first-time buyers, helping over 9,600 families and individuals onto the property ladder. We launched new propositions across the Group including limited company buy-to-let, broadening our reach and meeting evolving member and customer needs.

Despite a relatively flat housing market, the Group delivered disciplined growth in mortgage balances, supported by strong operational performance. Our new mortgage origination platform at the Society has reduced average time to offer to just eight days, improving efficiency and customer experience. We are recognised by brokers and consumers for our brilliant service.

Delivering value to savers

Despite falling rates, we sustained our commitment to member value, paying a £398m premium above market averages[3].

Our savings strategy is built on trust and transparency. At the Society, we aim to offer competitive rates consistently, rather than chasing headlines. This approach reflects our long-term perspective and our belief that mutuality means doing the right thing for members, not just today but for the future.

Everyday Banking for Individuals and Businesses

The acquisition enables the Group to offer a full-service banking proposition. Over 76,000 new current accounts were opened at the Bank this year, supported by popular switch incentives. Business banking is a strategic priority, with 16,000 new business current accounts opened and plans to expand relationship management capability.

We see significant potential in everyday banking. Current accounts are not just a product; they are a gateway to deeper relationships with customers. They allow us to serve more of their needs, provide greater convenience and strengthen our funding base. Business banking offers similar opportunities, enabling us to support purpose-focused organisations from sole traders to credit unions to housing associations – organisations that share our values and contribute to local economies.

Powering our long-term future: bringing together Coventry Building Society and The Co-operative Bank

Coventry Building Society and The Co-operative Bank coming together isn't just another merger in the banking sector. We haven't done this to make shareholders richer or to be a bigger bank on the high street. It's to give members, customers and communities something meaningfully different – a true alternative, acting in their best interests.

In our first year of the integration, we've made significant progress and hit the milestones we set ourselves earlier this year. I'm incredibly proud of and grateful to everyone that has helped make this happen.

The Group Executive Team has been established and strengthened with new appointments during the year. As a team, we have identified a number of long-term strategic business priorities that will set us up for success now and in the future, focused on bringing together the best of our two organisations.

We've made good progress on the path to becoming a simpler and more efficient business. We've created joint centres of excellence across Group functions to provide the best possible service to colleagues, members and customers. In doing so, we have had to make some difficult decisions and earlier this year announced changes which resulted in a reduction of a number of roles across the Group. We've worked closely with all affected colleagues to make sure that they received the right support.

Already delivering for members and customers

A key area of focus for our integration, was to ensure that our members and customers saw an immediate benefit, not only in terms of value but also service. Our philosophy on customer service remains the same: digital first, human-always. That means we need to support individuals, when, where and how they choose to bank with us.

That's why we've invested over £6 million in all of our customer service channels this year, ensuring a great experience through whichever channels and brand people interact with us.

We continue to offer excellent customer service with call waiting times[4] at the Society of 79 seconds and now at under five minutes, the Bank service levels are the best in six years. The Society Net Promoter Score[5] (NPS) remains at an exceptionally high level at +75 (2024: +79) and we have started to measure NPS at the Bank to track service and the results are already tracking positively.

We've maintained our commitment to our branch network, committing to a multi-million pound investment to refurbish the entire Bank network by 2027. I was delighted that in November, we were able to refurbish and re-launch Hanley, which also now serves as our first ever dual-service branch, where both Society and Bank members and customers can be served in one location. In 2026, we're going to continue to trial this approach across more of our network.

We've invested in a new service for members and customers during the year, now starting to offer video appointments through our branch network. During busy times the branch network also supports the contact centres and in the Society, 30% of all telephone calls are taken in branch.

Through our efforts in 2025, customers and members are experiencing better service, wherever and whenever they want to engage with us.

Investment in our technology and services

To consistently deliver for our customers we have invested in cyber-security and operational resilience, building on the strong safeguards already in place. At a time when cyber risk is high on everyone's agenda given recent events impacting well known organisations, these enhancements ensure we continue to protect our members' and customers' data and maintain reliable, resilient services, even in the face of disruption.

We continue to invest in our digital capability in the Group and have started a major investment in the digital capability for personal and business current account customers.

Following the refreshing of our strategy in 2025, we've begun the process of planning a multi year investment programme across products and services. This will enable the Group to remain agile and better react to future customer needs and requirements.

Taking our people with us - creating a combined culture

Bringing together two organisations can be challenging, especially two organisations that are steeped in such history and legacy. At Coventry Building Society we've always had strong colleague engagement, and I was determined that this would continue during this new era. I'm delighted that in our first year of integration we've maintained this, especially during a period of significant change for our people, while bringing our colleagues from The Co-operative Bank on that journey as well.

We've worked with great dedication and focus to define and embed a target culture that truly reflects who we are and our ambitions for the future. We created this together with our colleagues: more than 4,000 voices from our colleague survey and 120 participants in in-person sessions helped shape the outcome, ensuring it reflects perspectives across the Group. We care, we are ambitious, we take ownership: this epitomises the organisation we will be.

We remain focused on strengthening diversity, inclusion and colleague wellbeing across the Group. There is always more we can do, but we've continued to make good progress - from expanding our colleague networks to more than 15 areas of focus and continuing to grow our Ethnicity Career Development Programme, bringing together the best of both organisations' cultures through colleague voices. These steps reflect our commitment to building an organisation where everyone feels supported, represented and able to succeed.

Recognised as a Great Place to Work

I'm also delighted that we've once again been recognised in the Great Place to Work Trust Index.

Since 2021, The Society has used Great Place to Work to help us measure and improve our culture and colleague engagement. In 2025, we were able to complete this on a Group basis, ensuring the engagement of colleagues across the full organisation can be understood. Over 80% of our Group colleagues contributed to the survey and we achieved a score of 76%. Areas of priority for our colleagues remain around diversity & inclusion and further progress on gender and ethnicity representation in senior roles; all things we are working hard on.

I was particularly encouraged by several of the survey results: 95% of colleagues believe good customer outcomes are important to the organisation, 90% believe their work contributes to our purpose and 89% feel positive about how we contribute to our wider communities.

All three of these things are crucial to what makes us meaningfully different as an organisation to bank with and work for - and I'm delighted our colleagues feel this so strongly.

Community and responsible business

As a purpose-driven business, we're committed to doing the right thing for our customers, communities and the environment. The power of our combined Group has strengthened our ability to make a meaningful difference in the communities we operate in, both at a national and local level.

Community and powering change

In 2025, we have invested £6 million[6] (2024: £5 million) over the year in supporting our communities, including working alongside national and local charity partners to tackle youth homelessness. We've continued to deepen our partnership with Centrepoint. Our funding towards tackling youth homelessness has been maintained at £2 million, with a £1 million contribution in the year towards affordable housing for young people in Coventry, building on last year's £1 million donation in Manchester.

Our support to Centrepoint has also included lending our voice to the Make Work Pay campaign, which sought to remove the benefits penalty for young working people living in supported accommodation, we were delighted that the Government addressed this in the last Budget.

Meanwhile, our colleagues contributed thousands of volunteering hours, reinforcing our commitment to local impact.

Through our partnership with Refuge, we have supported the national helpline and also rolled out training to colleagues on how to identify potential economic abuse and best support victims.

Supporting those in our communities who are isolated and vulnerable is something we take seriously – as well as hosting our own befriending events in branches and at the Coventry Building Society Arena, we also work with partners to create spaces to bring people together.

The Friends of the Earth Post Code Gardener project supporting community-led gardening is a perfect example of this, bringing people together whilst bringing nature back to urban environments.

A responsible business

Our environmental ambitions continue to be important to us. The Society remains proud to be a certified B Corp, and we are making good progress towards our climate targets.

Our Group remains carbon neutral for our operations, and we are committed to reaching net zero for our Scope 1 and 2 emissions by 2030. To get there, we are reducing our own operational carbon footprint every year by improving our buildings, cutting energy use, purchasing green energy for all our operations and travelling more responsibly.

Looking ahead

2026 will be another pivotal year for the Group as we work to finalise the integration. Bank customers will see refreshed branches and enhanced digital journeys. Our ambition is clear: to create a modern mutual banking Group that combines scale with purpose.

We will continue to invest in technology, product innovation, and deepen our social and environmental impact. We will remain focused on what matters most: delivering great value, outstanding service and security for our members and customers.

With a refreshed strategy and a clear set of member and customer missions, we are looking at how technology can help enable the delivery of the strategy.

For over 140 years we've acted in the mutual interest of our members and worked hard to do right by the people who trust us with their money. As I look back on the year, I am struck by the resilience, creativity and commitment of our colleagues. I have seen hard work, dedication and engagement across the organisation as we have navigated change together. Our people have demonstrated what makes this organisation special. And I am equally grateful to our members and customers for their trust and loyalty.

Together, we are building something meaningfully different – and it's a powerful signal that values-led, member-owned banking can thrive at scale. I could not be more excited about the journey ahead.

Thank you to all my colleagues for their hard work and commitment as we continue on this journey, and of course our members and customers for their continued loyalty and trust.

1.Excluding items that are one off in nature relating to the purchase and integration of the Bank.
2.Source: Bank of England. Market data as at 31 December 2025 (31 December 2024).
3. Based on the Society's average month end savings rate compared to the CACI Ltd's Current Account and Savings Database rest of market average rate for savings accounts, excluding current accounts and offset savings, for the 12 months of the year.
4. Based on average call waiting times between 1 January 2025 and 31 December 2025.
5. Net Promoter Score (NPS) is a measure of customer advocacy that ranges between -100 and +100, which represents how likely a customer is to recommend our products and services.
6. Total community investment made by the Group has been determined in line with the Business for Societal Impact (B4SI) framework.

Financial Review

Income Statement

	2025			2024		
	Group underlying performance[1]	Items related to acquisition & integration[2]	Group statutory performance	Group underlying performance[1]	Items relating to acquisition & integration[2]	Group statutory performance
	£m	£m	£m	£m	£m	£m
Interest receivable[3]	**3,952**	**41**	**3,993**	3,294	-	3,294
Interest payable[4]	**(2,868)**	**19**	**(2,849)**	(2,615)	-	(2,615)
Net interest income	**1,084**	**60**	**1,144**	679	-	679

Other income and charges	**43**	**-**	**43**	(4)	-	(4)
Losses on derivative financial instruments[5]	**(3)**	**(99)**	**(102)**	(11)	-	(11)
Total income	**1,124**	**(39)**	**1,085**	664	-	664
Administrative expenses[6]	**(673)**	**(67)**	**(740)**	(307)	(26)	(333)
Amortisation and depreciation[7]	**(62)**	**(42)**	**(104)**	(26)	-	(26)
Impairment (charge)/ release[8]	**(15)**	**(9)**	**(24)**	18	-	18
Gain on acquisition of a subsidiary[9]	**-**	**584**	**584**	-	-	-
Profit before tax	**374**	**427**	**801**	349	(26)	323
Taxation	**11**	**-**	**11**	(76)	-	(76)
Profit for the financial year	**385**	**427**	**812**	273	(26)	247

1. Group underlying performance includes all underlying performance of The Co-operative Bank from 1 January 2025.
2. The following footnotes detail the acquisition & integration related items and their exclusion from underlying performance.
3. Relates to the unwind of the day one fair value adjustment recognised against the acquired loans & advances to customers and certain hedged liquidity instruments.
4. Relates to the unwind of the day one fair value adjustment recognised against certain external wholesale funding issuances acquired with the Bank.
5. Represents the impact of acquiring derivative instruments but not acquiring the linked hedge accounting relationships and therefore the resulting restart of hedge relationships on the acquired derivatives.
6. Represents one off costs relating to the bringing together of people, systems and processes.
7. Represents the amortisation against the Core Deposit Intangible asset, which arose on acquisition and acceleration of amortisation and depreciation against assets impacted by integration decisions.
8. Represents the recognition of the reset Expected Credit Loss allowance against Bank acquired loans & advances to customers.
9. Represents the resulting gain calculated as the fair value of the consideration paid less the net assets acquired.

Net interest income

Underlying (excluding the impact of acquisition related items) Group net interest income increased to £1,084 million (2024: £679 million) in the year. The overall increase is mainly due to the acquisition of the Bank, and this is partially offset by a £67 million reduction to Society sub-group net interest income. The reduction is due to the impact of base rate reductions and lower mortgage and savings margins as a result of more competitive markets.

The underlying Group net interest margin of 1.22% (2024: 1.07%) has increased because of the acquisition of the Bank. Society sub-group net interest margin reduced to 0.95% in line with expectations given the current trading conditions.

Throughout the period, the Society continued to pay above average savings rates, returning £398 million (2024: £401 million) in member value compared to market average rates[1].

On a statutory basis, Group net interest income of £1,144 million (2024: £679 million) includes the unwinds of fair value adjustments recognised on acquisition.

Other income and charges

Following the acquisition of the Bank, the Group has diversified its balance sheet and now benefits from other income streams, predominately related to fee income on residential and business current accounts and credit cards.

The £43 million of other income and charges relates largely to the Bank current account transactional fee income and related expenses and is a similar amount to 2024 when it was a standalone entity. The acquisition now enables us to offer a full-service banking proposition with over 90,000 new personal and business current accounts opened this year.

Derivatives and hedge accounting

The Group uses derivative financial instruments to manage interest rate and currency risk arising from its fixed mortgage and savings activity and from non-sterling and fixed rate wholesale issuances.

The Group applies hedge accounting where possible and its approach continued to be effective throughout the year. The underlying loss in the year of £3 million (2024: £11 million loss) reflects the unwinding of previous gains, as the hedges mature or move towards maturity.

On acquisition, the Bank's hedge accounting programme ceases as the acquired balance sheet is measured at fair value. This has resulted in an acquisition-related charge in the year of £99 million. The Group has elected to recommence a hedge accounting programme post acquisition in order to manage the volatility of the acquired portfolio of derivative assets, which allows for a more controlled run-off.

Management expenses

Underlying Group management expenses (excluding the impact of acquisition related items), including depreciation and amortisation, were £735 million (2024: £333 million). This includes £404 million of costs relating to the Bank. The Society sub-group's underlying costs were flat at £331 million.

The Group statutory management expenses of £740 million (2024: £333 million) include £67 million (2024: £26 million) of acquisition and integration related expenses as we continue our journey of integrating the businesses.

Our robust financial performance has underpinned our continued investment in modernising the Group. The total spend on investment, including capital expenditure, of £132 million (2024: £91 million) has been focused on activity to modernise our services, with good progress on our digital roadmap, mortgage sales platform enhancements (including limited company buy to let), operational resilience and cyber security. This excludes integration related costs.

The underlying Group cost to income ratio has increased to 65% (2024: 50%), reflecting the inclusion of the Bank's operating costs. Excluding this impact, the Society sub-group cost to income ratio would be 56%, demonstrating effective management of our operating cost base, whilst continuing to invest for the future.

Expected credit losses

The performance of the mortgage book remains resilient, with just 0.38% (2024: 0.33%) of loans more than three months in arrears.

Credit impairment charges increased in the year to £24 million (2024: £18 million release) of which £23 million relates to the inclusion of the Bank. Post acquisition, the credit quality of the Bank's lending propositions remains similar to its 2024 performance and its standalone expected credit loss provision remains stable.

The £24 million charge in the year reflects the inclusion of the Bank into the Group. This has resulted in a £8 million charge in relation to the Bank's mortgage lending, a £9 million charge for unsecured lending and a further £7 million charge for the business and commercial lending portfolio. £5 million for a single case provision in commercial lending is included following a detailed review of the acquired assets. The charge in the year is impacted by accounting requirements following the fair value exercise of the acquired balance sheet. ECLs for acquired assets are reset to zero, re-recognised at stage 1 and built back up as credit quality changes occur.

The Group has a deliberately cautious approach to estimating ECLs and we continue to hold £7 million (2024: £6 million) of post model adjustments (PMAs), where core models do not fully reflect the risk of ECL given the market environment.

Accounts which have experienced a significant increase in credit risk and are classified as stage 2 decreased to 7% (2024: 10%). 95% of these stage 2 accounts remain up to date with their payments. 92% of the book remains in stage 1 (2024: 89%).

The overall Group ECL provision equates to 0.06% of the overall lending book (2024: 0.05%), which is reflective of very strong credit quality with very low arrears and losses. The marginal increase in this coverage ratio is due to the inclusion of the Bank's unsecured, business and commercial assets.

Taxation

In 2025, the Group tax credit was £11 million (2024: £76 million charge), reflecting an effective tax rate of minus 1.4% (2024: 23.6%). The effective tax rate is lower than the UK statutory corporation tax rate of 25%, primarily due to the accounting gain arising on acquisition of the Bank, which is not taxable, and the recognition of additional deferred tax assets in the year.

Total net deferred tax assets of £205 million (2024: £nil) are recognised on the balance sheet which includes £243 million (2024: £nil) in relation to historical tax losses of The Co-operative Bank. Deferred tax assets in respect of historical losses have been recognised to the extent that the latest approved financial plan supports the expected future profitability and is subject to a significant degree of estimation.

Items relating to acquisition and integration

As a post balance sheet event to the Society's 2024 Annual Report and Accounts, we announced a £603 million gain on acquisition of the Bank and proforma Group leverage and CET 1 ratios of 4.5% and 19.7% respectively.

The accounting standard for acquisitions provides a 12 month measurement period post completion to conclude the opening fair valued position as final, when more granular information is available to the acquiree. This measurement period closed on 31 December 2025. This resulted in small adjustments to the previously disclosed gain of £603 million on acquisition to an updated gain of £584 million in these financial results. The change arose as the more granular final review of the opening balance sheet was concluded post acquisition.

The movement in the gain on acquisition together with the £9 million charge for ECL reset against the Bank's non-credit impaired assets and risk weighted asset methodology alignment to the Society has resulted in an updated opening Group leverage and CET 1 ratios of 4.4% and 19.1% respectively.

Balance Sheet

Our core trading performance for mortgages, savings, current accounts, business and commercial deposits has been broadly stable. Excluding the acquisition impact, retail savings have increased organically as interest capitalises. This has been used to repay wholesale TFSME funding in the year. A summarised Balance Sheet is set out below:

	2025 £m	2024 £m
Assets		
Loans and advances to customers	**72,936**	51,801
Liquidity	**13,896**	10,724
Other	**1,407**	1,506
Total assets	**88,239**	64,031
Liabilities		
Retail and other deposits	**71,722**	49,425
Wholesale funding	**11,316**	10,475
Subordinated liabilities and subscribed capital	**290**	57
Other	**622**	446
Total liabilities	**83,950**	60,403
Equity		
General reserve	**3,506**	2,754
Other equity instruments	**665**	665
Other	**118**	209
Total equity	**4,289**	3,628
Total liabilities and equity	**88,239**	64,031

Loans and advances to customers

The Group's lending remains focused on high quality, low loan to value (LTV) owner-occupied and buy to let lending within the prime residential market, distributed mainly through mortgage intermediaries in a cost-effective way. The addition of the Bank has increased both our scale and the breadth of our already regionally diverse mortgage portfolio.

The Group manages its growth according to the economic conditions, market pricing and funding conditions. The lending book has grown by £21.1 billion to £72.9 billion (2024: £51.8 billion). The growth was primarily through the acquisition of the Bank (£20.4 billion), with modest organic growth over the period.

During the year, the group advanced £9.6 billion of mortgages (2024: £6.7 billion), which was offset by redemptions and other repayments. Growth in the sector in 2025 has seen more lending in the higher LTV segments and the Group has taken a measured approach to participation given new business margins and the acquisition.

New lending on owner-occupier homes accounted for 75% of total new lending in 2025 (2024: 76%), with overall average LTV on new lending of 67% (2024: 68%). The Group continues to support first time buyers and increased the number of loans advanced in 2025 to over 9,600 (2024: 7,100).

The balance weighted indexed LTV of the mortgage portfolio has seen a small increase to 54.9%[2] at 31 December 2025 (2024: 53.5%) and the Group continues to have a robust and high quality asset book.

This is demonstrated by very low arrears with only 0.38% of mortgages more than three months in arrears (31 December 2024: 0.33%). The arrears volume remains very low both historically and when compared with the latest available industry average of 0.78%[3]. Whilst this represents an increase in the year, the low absolute number of cases more than three months in arrears of 1,637 (31 December 2024: 1,045) demonstrates the resilience of the portfolio. Most of these accounts have an LTV below 75%. The buy to let book saw a small increase in arrears but from a very low base.

Possessions and forbearance remained low, with 67 mortgages in possession at the year end (2024: 36) The increase includes 21 cases in possession by the Bank.

The Group acquired £0.2 billion in unsecured credit card assets, with flat growth during the year. Credit quality remains stable with low arrears rates.

In addition, a further £1.0 billion of business and commercial loans were acquired with flat growth over the year. 56% of this portfolio represents PFI and housing association loans. Despite a provision charge being booked in the first half for a specific single customer exposure, which is currently up to date, credit quality remains strong with a low level of arrears.

Liquidity

Liquid assets have increased to £13.9 billion (2024: £10.7 billion), mainly due to the inclusion of the Bank from 1 January 2025. The Group liquidity position remains strong, as demonstrated by our 12-month rolling average Liquidity Coverage Ratio (LCR) of 230% at 31 December 2025 (2024: 258%), which is significantly above the minimum regulatory requirement.

Liquid assets are principally held in deposits at the Bank of England and in UK Government investment securities. This means that asset quality remains very high, with 97% of the portfolio rated Aaa–Aa3 (2024: 96%). 98% of liquid assets are held in UK sovereign or UK financial institutions (2024: 99%).

Retail and business funding

The Group continues to be predominately funded by retail and business deposits, with balances of £71.7 billion at 31 December 2025 (2024: £49.4 billion), this includes £20.8 billion for the Bank.

The Group's overall savings market share is 3.5%[4] (2024: 2.7%), with the increase reflecting the acquisition of the Bank.

The Group acquired £4.9 billion of personal current account balances as part of the acquisition of the Bank, and we see a modest but positive trajectory on the volume of customers switching to the Bank, with 4,000 net switches in 2025. The balances have remained stable across 2025, in line with the market[4].

The Group also acquired £3.4 billion of business and commercial deposits, and we have seen a £0.1 billion increase in the year.

Wholesale funding

The Group uses wholesale funding to provide diversification of funding by source and term, supporting growth and lowering risk by reducing the overall cost of funding. This benefits retail deposit customers and members through better savings rates and lending customers and members by enabling us to offer more competitive long-term rates.

Wholesale funding has remained broadly stable at £11.3 billion (2024: £10.5 billion) and includes £1.9 billion of Bank wholesale funding. The Group successfully completed three issuances during the year, comprising a £600 million covered bond issued in January, a £500 million residential mortgage backed securities (RMBS) issued in July and a £600 million covered bond in September.

The Society and Bank have both previously accessed the Bank of England's Term Funding Schemes and during 2025 the Group has successfully repaid the majority of the outstanding drawings (£4.3 billion repaid during the year). £260 million is expected to be repaid in 2026.

Equity

The Group's equity is predominantly made up of over 140 years of retained profits in the general reserve and Additional Tier 1 (AT 1) capital of £0.7 billion.

The Group made post-tax profits of £812 million in the year and total equity increased by £661 million, inclusive of a £58 million distribution to AT 1 capital holders and a £92 million movement in the cash flow hedge reserve.

Pension Schemes

The assets and liabilities from the Group's pension schemes are recorded in the Group's financial statements with an overall net surplus of £15 million at the end of 2025 (2024: £5 million deficit).

The Group has three legacy funded defined benefit pension schemes, one for the Society and two Bank schemes. They are all closed to new members and future service accrual and employ low-risk investment strategies. As a result, volatility in the net position of the schemes is expected to be small relative to the overall balance sheet.

Currently, the Society scheme remains in a deficit of £8 million, with its next triennial expected to conclude in 2026. The two Bank schemes are in full 'buy-in' positions with specialist insurers, which substantially mitigates volatility that the schemes are exposed to. They have a combined surplus of £23 million.

The scheme assets and liabilities are impacted by market movements and the change in the year for the Society has been driven by fluctuations in the UK corporate bond market. The Group continues to monitor the pension scheme to ensure that there is no scheme deficit over the medium-term.

Regulatory capital

We hold capital to protect members against unexpected future losses. As we grow our lending balances, the amount of capital we need to hold to meet the UK Capital Requirements Directive (CRD) V increases.

The table below provides a summary of the Group's capital resources and CRD V ratios on an end-point basis (i.e. assuming all CRD V requirements were in force in full with no transitional provisions permitted).

	End-point 31 Dec 2025 £m	End point 31 Dec 2024 £m
Capital resources:		
Common Equity Tier 1 (CET 1) capital	**2,907**	2,616
Total Tier 1 capital	**3,572**	3,281
Total capital	**3,847**	3,321
Risk weighted assets	**14,760**	9,340
CRD V ratios	**%**	%
Common Equity Tier 1 (CET 1) ratio	**19.7**	28.0
Leverage ratio including central bank reserves and full AT1 capital	**4.0**	5.2
UK leverage ratio[5]	**4.6**	5.7

Leverage

We are not currently bound by regulatory leverage ratios, which measure Tier 1 capital against total exposures, including off-balance sheet items. The UK leverage ratio framework is expected to apply to the Group when its average of retail deposits over the last three years exceeds £75 billion (threshold subject to future review and update) at its annual reporting date. The Group does not anticipate leverage requirements to apply for the foreseeable future.

The Group's UK leverage ratio reduced to 4.4% following the acquisition of the Bank (2024: 5.7%) and has subsequently improved to 4.6% during the year because of the increase in retained profits. This remains above the current regulatory expectation of 3.25% minima.

Capital

On acquisition of the Bank, the updated pro-forma Group CET 1 ratio was 19.1%. As at 31 December 2025, the CET 1 ratio has increased to 19.7% as a result of retained profits in the year offset by movements in RWAs. Our CET 1 ratio remains significantly ahead of the Total Capital Requirement for the Group, which was 11.5% of RWAs as at 31 December 2025. The capital ratios include additional RWAs held for regulatory changes that are currently not reflected in the IRB models, as previously disclosed within the 2024 Annual Report & Accounts.

The Society and Bank had both submitted updated models to the PRA in 2023. Our strategy following the acquisition is to move to a single Group IRB model. We have recently received feedback from the PRA on the models which had been submitted and we intend to incorporate this feedback into the build of our new Group model. We currently expect to submit our new Group IRB model at the end of 2027. When approval is granted, the final Group IRB model output RWAs may vary from those calculated currently, thereby impacting capital ratios.

Basel 3.1 RWA floors are currently expected to be phased in from the introduction of the new regulations in 2027, and in time are expected to reduce the Group's reported CET 1 ratio, through increasing RWAs. Applying the Basel 3.1 RWA floors to the 31 December 2025 figures on a full transition pro-forma basis would result in a CET 1 ratio of approximately 17.5%. However, on expected Basel 3.1 implementation in January 2027, the Group estimates a 20.1% pro-forma CET 1 ratio at 31 December 2025 due to the removal of the IRB scalar of 1.06. The Group currently expects Basel 3.1 capital requirements to bind from 2028.

All known future capital requirement changes (including Basel 3.1 impacts) have been factored into the Group's financial plans, ensuring we remain appropriately capitalised.

The capital disclosures above are on a Group basis, including all subsidiary entities.

1. Value given to members is based on the Society's average month end savings rate compared to the CACI Ltd's Current Account and Savings Database rest of market average rate for savings accounts, excluding current accounts and offset savings, for the 12 months of the year.
2. LTV is calculated using the Nationwide Building Society quarterly regional house price index (HPI).
3. Source: UK Finance.
4. Source: Bank of England.
5. The UK leverage ratio includes a restriction on the amount of Additional Tier 1 capital and excludes central bank reserves from the calculation of leverage exposures.