

Annual Report & Accounts 2025

Bath Building Society
We're different because you are

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Key Highlights of the 2025 Financial Year



Profit on ordinary activities before tax decreased to:

£0.3m

due to the lower net interest income in 2025 and continued investment in the Society's future success and resilience (2024: £1.6m)



Society Reserves increased by £0.2m to:

↑£48.7m

(2024: £48.4m)



Gross Mortgage Lending increased by 41.1% to:

↑£104.7m

(2024: £74.2m)



Net Promoter Score increased significantly to:

83.8

positively reflecting how likely Members are to recommend us to others (2024: 71.2)



Total Assets of the Society increased to:

↑£436m

7.7% higher than 2024 (£405m)



The Savings book increased by 8.2% to:

↑£381m

(2024: £352m)



Liquid Assets ratio reduced to:

↓16.4%

through targeted liquidity management but remains well above regulatory requirements (2024: 24.4%)



Arrears cases increased in the year to:

↑13

(2024: 10 cases)

Chair's Report

The Society has made excellent progress in realising its strategy, with 2025 seeing record mortgage lending and strong savings growth. During the year it also launched a new green self-build mortgage and refurbished the Wood Street Branch, which was officially re-opened by the Mayor of Bath. The Society's Branches are pivotal in supporting our Members achieve their financial goals.

The Bank of England Monetary Policy Committee (MPC) reduced the Bank Base Rate four times in 2025, from 4.75% at the start of the year to 3.75% after the December MPC meeting. This was welcome news for mortgage Members who have variable rate mortgages, as the Society reduced the Standard Variable Rate and therefore Members' monthly mortgage repayments reduced as well.

For variable rate savers the interest rate on their savings accounts also reduced following the MPC Base Rate reductions. However, the Society saw its Savings Bonds, Lifetime Individual Savings Accounts (LISA) and Fixed Rate ISA ranges being very popular with current and new Members. The Society was disappointed that the annual ISA subscription limit was reduced from £20,000 to £12,000 in the Chancellor's November 2025 Budget. However, the Society was pleased to note that Members who are over 65 years old won't be impacted by this change, which comes into effect in April 2027.

House prices grew modestly as affordability challenges remain, with the average house price to average earnings ratio remaining historically high, at 7.25.[1]

Board changes

The Society said a fond farewell to David Smith as he retired from the Board in April 2025, having served for nine years, with his last role being the Chair of Audit Committee. In February 2025, Andrew Healy MBE joined the Board as our newest Non-Executive Director. Andrew was formerly Chief Executive Officer of Leek Building Society, amongst other previous leadership roles in the financial services sector.

After joining the Society as Chief Financial Officer (CFO) in 2024 Ash Kassam has resigned and will be stepping down from the Society's Board in April 2026.

The Society is grateful for the improvements Ash has made during his time with the Society. At the time of writing, the Society is in the formal process of recruiting Ash's successor.

Members

The Society consistently improved Member service through the year, with the average Smart Money People score increasing to 4.71 stars (out of 5.0) by the end of December. We are grateful for Members continuing support of their growing Society and look forward to further increasing Member service levels and the range of products and services that the Society supports Members with in 2026.

Looking Ahead

The geopolitical context remains uncertain, but the Society is becoming more strongly positioned for whatever the future holds. In 2026, the Society will continue its change journey as it looks to complete two major IT-enabled projects, with a leading mortgage origination platform going live from June 2026 and an upgraded core platform going live in September 2026. These developments will provide improved functionality for Members, in a future-proofed IT infrastructure.

Colleagues

The record growth performance, improvement in Member service, and transformation of the Society's IT systems would not have happened without all the intense efforts of the Society's colleagues over the year and I want to thank them for their incredible efforts.

Finally, thank you to all Members for your continuing support of your Society.



Joanne Evans
Chair of the Board
5 March 2026

[1] Financial Times Article dated 3 December 2025 on "UK houses are not getting more affordable".

Chief Executive's Review

Purpose and strategy

The purpose of Bath Investment and Building Society (Bath Building Society "BBS") is to help Members live sustainable and financially resilient lives. The related strategy has three pillars:

1. Digital First Always Human – to make it easy for Members to operate their accounts digitally; while also making it very easy for Members to contact Society colleagues for help,
2. Products for a sustainable world – helping Members who are interested in living environmentally sustainable lives, including making it relatively easy to know how to improve the energy efficiency of their homes and incentivising them to do this,
3. Supporting Members' financial resilience – helping Members find the most relevant, high value, savings accounts for their needs and helping first time buyers and other Members realise their dream of home ownership.

Another key aspect of the strategy is to increase the overall size of the Society, so that it has the critical scale to be able to continue investing in improving and delivering Member service long into the future.

Systems transformation and AI

The new IT systems of the future are being delivered through the Society's Bath Future Architecture programme, with advanced planning taking place through 2025 for two new systems that will go live in 2026, to offer best in class customer journeys for new Members to join the Society then manage their accounts afterwards. The Society continues to explore AI opportunities to improve productivity and enhance services. This includes trialling AI technology together with Sikoia, to automate the reading and summarisation of new mortgage Members' submitted bank statements, to speed up the mortgage underwriting process and increase colleague productivity.

Members

The Society has improved customer service through 2025, with an increasing call answer rate and improved Smart Money People customer satisfaction score by the end of the year.

The Savings Bonds and Fixed Rate ISA ranges that were relaunched in 2024, then refreshed throughout 2025, were very popular with Members, together with Lifetime ISAs. Society membership grew by 1,519 Members, to 21,658.

Business performance

The Mortgages team delivered an exceptional lending performance, with gross lending exceeding £100m, for the first time in the Society's history and nearly twice the total achieved in 2023. The net increase in mortgage balances of 18% is one of the strongest performances in the building society sector. Profitability was planned to reduce in 2025 and this transpired, with a modest profit before tax of £0.3m realised. Profits will be relatively low in 2026 and 2027 as the Society completes the major systems investment programme, but will then increase from 2028 as the larger Society of the future generates additional income and one-off investment costs are no longer incurred.

As a building society the aims of the Society and those of Members are very well aligned. The Society delivers very good service to Members, with good value savings accounts and mortgages, that tend to offer better value than is available from the banks. In 2025, the Society shared £1.5m of additional value with Savings Members through 0.5% better than market average savings rates. The Society supported nine new self-build mortgage customers to optimise the energy efficiency of their new homes by waiving the mortgage product fee and providing cashback to help with the installation of additional energy efficiency measures.

Regulatory change

There has been welcome deregulation within the rules that the Bank of England set for smaller building societies and banks, with "Small Domestic Deposit Takers" like BBS having simplified capital and liquidity planning and reporting requirements from 2027. For building societies, the Bank of England has also removed the "Sourcebook" regulation in December 2025, which had, amongst other requirements, previously limited the proportion

of fixed rate mortgages that the Society can offer to a maximum of 60% of total lending in the year, when market demand for mortgages is more than 90% in favour of fixed rate mortgages.

Community

The Society donated 2.9% of the average profits for the past three years to local good causes, including to our main charity partner, Julian House and nine other local charities, through the Community Awards programme. Members and Society colleagues jointly elected Julian House to be the Society's Charity of the Year for 2025. This important charity helps homeless people and other vulnerable adults in and around Bath.

Through the Society's Colleague Volunteering Programme, all colleagues are allocated up to two days per year to volunteer either as part of Society team activities or for a charity close to their heart. Society colleagues volunteered their time and energy with Julian House, Genesis Foodbank, Genesis Furniture Warehouse, Mentoring Plus, Hillfields Church, and Dorothy House.

Colleagues

Society Colleagues have worked incredibly hard and with great determination to deliver exceptional Member service improvements and business performance in 2025 and to prepare for even greater results in future years. I would like to thank Members for their support of their Society and extend my huge thanks to colleagues for their fantastic achievements in 2025.



Richard Ingle
Chief Executive Officer
5 March 2026

Strategic Report

Business strategy

The Society's strategy enables realisation of its purpose to *help Members live sustainable and financially resilient lives.*

The three strategic pillars of the strategy are:



Digital first, always human

Members have long valued the Society's friendly service and this continues to improve, including through the refurbished Wood Street Branch. It is possible to easily join the Society and manage accounts online through the mobile app and Bath Online system.



Products for a sustainable world

Members have asked the Society to help them identify how to make their homes more energy efficient, with 53% of Members who responded to the 2025 Annual General Meeting (AGM) survey requesting more support from the Society. The Society launched an innovative green self-build mortgage in 2025, to incentivise self-builders to optimise the energy efficiency of their new home. In 2026 the Society will introduce relevant mortgage Members to a reputable energy efficiency advisor, to help Members identify what energy efficiency improvements they may want to make for their home and provide a low-rate green mortgage advance to finance the home improvements.



Supporting Member financial resilience

The Society supports Savings Members' financial wellbeing with consistently good value savings accounts that support financial growth and security across all life stages.
For Mortgage Members the Society offers a variety of innovative mortgage products that enable more first-time buyers to realise their dream of home ownership.

The Society funds its mortgages by offering savings and deposit accounts to individuals, small business, charities, client and trust account customers. It delivers sustained value to Members through excellent customer service and offering competitive interest rates, which means the benefits of its mutual business model are shared fairly. Existing savings Members are offered at least the same savings rates as new Members, on variable rate and notice accounts, so loyal Members always get our best rates.

The Society generates the regulatory capital required to cover potential mortgages and other credit risk losses, by retaining the profit after tax generated each year. This allows it to continue to grow and generate income to cover the cost of running and developing the service that it offers to its Members and customers.

At the end of 2025 the Society had:

- 21,497 (2024: 20,097) Savings and Deposits customers, of whom 20,178 (2024: 18,672) were Members; and
- 2,832 (2024: 2,532) mortgage customers, of whom 1,506 (2024: 1,399) were Members.

The percentage growth in customer numbers is shown in the table below:

Customer Type	2025	2024	% increase
Savings	21,497	20,097	7.0%
Mortgages	2,832	2,532	11.8%
Total Customers[1]	24,280	22,588	7.5%

[1] Total customers is not the sum of savings and mortgage customers due to customers existing in both groups.

Financial review and future developments

The annual CPI inflation rate at the end of 2025 was 3.4%. In essence, 2025 saw a pattern of inflation rising temporarily above 2024 levels, peaking mid-year and then beginning to decline as the year closed, setting the stage for further reductions in 2026. As inflation eased, the Bank of England adjusted its base rate downward. By December 2025, the base rate stood at 3.75%, down from a high of 5.25% in mid-2024. This decrease reflected continued progress in tackling inflation. However, the Bank of England remained cautious due to the risks posed by persistent inflationary pressures in key areas, like housing and services, and balancing this against subdued economic growth and rising unemployment.

UK house prices saw modest growth in 2025. The average house price increased by 0.65% over the year, reaching £285,000 by December 2025. House price growth in South West England performed better than the national average, rising by 1.9% for the year, taking the average cost to £306,000. The housing market saw an initial surge in activity in the first quarter of 2025, driven by a rush of first-time buyers taking advantage of the remaining stamp duty relief before it ended in April. However, growth slowed in the second half of the year, particularly in more expensive regions such as London and the South East, where affordability constraints began to limit further price increases.

Looking ahead, mortgage lending in 2026 is expected to face a more challenging environment.

While 2025 marked a recovery, ongoing uncertainties, including potential regulatory changes and the risk of renewed inflation in services, could weigh on the market. Despite the lower base rate, lenders are likely to remain cautious, particularly in terms of loan-to-value ratios and affordability assessments, which could temper the growth of the mortgage market. However, housing demand is expected to remain relatively stable, supported by continued low interest rates and sustained buyer interest in key regions.

The Society improved its competitive position in the mortgage market, growing mortgage balances by almost 18% (£55m). As a result, mortgage income increased to £17.5m (2024: £15.8m) but net interest income fell to £10.6m (2024: £11.4m) primarily driven by the large off setting impact of base rate reductions on liquidity income, and the uptick in funding costs which were driven largely by a competitive savings market.

The Society continued its extensive investment programme to update premises and IT systems during 2025. Costs were maintained at 2024 levels, but the lower net interest income and a loss in fair value hedge accounting caused by falling interest rates resulted in a material fall in Profit Before Tax (PBT).

Capital and liquidity remained strong with a Common Equity Tier 1 (CET1) ratio of 27.2% (2024: 30.4%) and a Liquidity Coverage Ratio (LCR) (a key Bank of England regulatory measure) of 200% (2024: 245%), both remained well above required minimums.

Key Performance Indicators – Financials	2025	2024
Mortgage Asset Growth	£55.1m	£30.5m
Profit Before Tax	£0.3m	£1.6m
Net Interest Margin	2.55%	2.94%
Management Expenses Ratio	2.31%	2.54%
Common Equity Tier 1 Ratio	27.2%	30.4%
Leverage Ratio	10.0%	10.6%
Liquidity Coverage Ratio	200%	245%

Profitability

Profit Before Tax reduced to £0.3m (2024: £1.6m), largely from the reduction in net interest income of £0.8m and a hedge accounting loss of £0.5m. Despite the impact of falling base rates, net interest margin continued to hold up better than originally expected at 2.55% (2024: 2.94%). Net interest income and profitability are forecast to improve in later years as the Balance Sheet grows and the new systems deliver productivity gains.

Costs reduced marginally in 2025 to £9.7m (2024: £9.9m). However, as the Society continued its investment in the Bath Building Society Future Architecture programme during 2025, it is anticipated that this will lead to increased costs in 2026 and 2027. The increased costs come largely from higher amortisation charges from the capital investment in system improvements and the associated increase in annual IT maintenance costs. The investment is essential to deliver the system developments that will support better and more efficient customer service in the future, as well as enable faster and more productive growth. This investment is required to support the Society's long term financial sustainability, with income expected to rise to cover the increased cost base from 2028 onwards.

The Society's impairment charges on loans for the year remained low with a credit in the year of £42,000 (2024: £13,000 charge). The number of loans in arrears at the end of the year was 13 (2024: 10), which is higher than the previous year, but remains low as a proportion of the total mortgage book.

The Society uses interest rate swaps to economically hedge interest rate risk arising from its fixed term mortgage portfolio. The swaps are hedge-accounted to help reduce volatility in earnings arising from fair value movements. Hedge accounting mis-matches combined with increased volatility in the swap curve during the year, led to a loss of £0.5m (2024: profit £0.1m) being recognised in the Income statement.

This primarily reflects timing and measurement differences rather than the underlying economic effectiveness of the hedging strategy.

Assets

The mortgage book grew by £55m (18%) in 2025, to £366m (2024: £311m). The proportion of the total mortgage book comprised of owner-occupier customers is 68.6% (2024: 65.9%), with Buy to Let making up 29.9% (2024: 32.1%) and legacy commercial property loans comprising the final 1.5% (2024: 2.0%).

Shares and Deposits

Total shares and deposits grew by £29m in 2025, to £381m (2024: £352m), of which £327m (2024: £290.0m) are shares held by personal customers (including trust balances) and £54m (2024: £62.0m) are deposits held by small businesses, client, charities and pension savings customers.

Reserves

At the end of 2025, total reserves stood marginally higher at £48.7m, an increase of £0.2m in the year, almost all due to retained Profit After Tax. These reserves represent Members equity in the business and form the principal part of the Society's regulatory capital resources. These capital resources form a buffer that protects depositors from risks faced by the Society such as potential losses arising from credit risk on mortgages.

Solvency

The main measure of the Society's capital strength is the "Core Equity Tier 1" ratio. The Society continues to have one of the higher CET1 ratios in the building society sector, at 27.2% (2024: 30.4%). The following table presents a reconciliation between capital as reported in the Statement of financial position and regulatory capital:

Audited	2025 £000	2024 £000
Capital available:		
General reserve	47,533	47,310
Revaluation reserve	1,139	1,139
Total capital per Statement of financial position	**48,672**	**48,449**
Regulatory adjustments to obtain CET1 and Tier 1 capital:		
Intangible assets	(1,965)	(853)
Prudent Valuation Adjustment	-	(277)
Common Equity Tier 1 capital and Tier 1 capital	**46,707**	**47,319**
Tier 2 capital – collective allowance for impairment	119	170
Total regulatory capital	**46,826**	**47,489**
Total capital requirement (unaudited)	13,751	12,448
Surplus over Total Capital Requirement (unaudited)	33,075	35,041

Liquidity

The Society maintained strong levels of liquidity throughout the year despite the backdrop of an increasingly competitive funding market. This was achieved from a more efficient and risk appropriate liquidity framework and through planned funding cycles that took place over the course of 2024 and 2025.

The Society will maintain a long-term sustainable liquidity position through a combination of its revised approach to liquidity management and through a targeted approach to managing its funding mix.

A breakdown of the Society's total liquid resources is set out in the table below:

	2025 £000	2024 £000
Total High Quality Liquid Assets:		
Cash in hand and balances with the Bank of England	25,847	57,496
UK Treasury Bills and Gilts	32,339	22,675
Loans and advances to credit institutions	4,914	5,824
Total liquid resources	**63,100**	**85,995**

Sustainability

The Society has brought being a highly sustainable Building Society into the centre of its new strategy, so that it plays its part in delivering on the UK Government commitment to reach Net Zero carbon emissions by 2050 and thereby limit the harmful effects of climate change.

In recent years the Society has been identifying how to reduce the carbon emissions associated with the running the Society ("Scope 1" emissions) and "Scope 2" emissions, arising from the Society's use of electricity. While systematically reducing its own emissions the Society has also been identifying how best to support Members in reducing the much larger volume of "Scope 3" emissions associated with energy use in Members' homes, which the Society finances through the provision of mortgages.

In 2025 the Society identified how to reduce Scope 1 emissions, from heating the Society's head office in Queen Square. A heat pump will be installed in 2026, together with a new more efficient gas boiler, to deliver an approximate 50% reduction in carbon emissions.

Scope 2 emissions were reduced to nil with effect from July 2025 as the Society moved to a fully renewable electricity contract to supply the Society's head office and two Branches. In order to reduce Scope 3 emissions from Members' homes the Society launched a green self-build mortgage in 2025, which requires the inclusion of a range of energy saving innovations into the build to qualify for the mortgage. To date nine Members have taken up this mortgage, reducing the lifetime carbon emissions from their new homes. In 2026 the Society will launch a low-rate green advance to existing mortgage customers to fund energy efficiency improvements they want to make to their home.

Carbon emissions reporting

The Society's Scope 1 and 2 emissions in the year to 31 December 2025, together with comparatives for 2024, are set out in the table below. Scope 1 emissions mainly comprise natural gas burned on site for heating and Scope 2 emissions are generated from electricity consumption. The Society moved to a renewable energy supplier in July 2025, so that all of the electricity used by the Society is REGO-backed 100% renewable.

Scope 3 emissions arise from the heating of mortgage customers' homes.

Carbon dioxide (CO_2e)[1] in tonnes	Year to 31 December 2025	Year to 31 December 2024
Scope 1 emissions – travel & gas[2]	6.3	11.1
Scope 2 emissions – electricity	14.3	15.8
Total Scope 1 & 2 emissions	**20.6**	**26.9**
Scope 3 emissions	272,061	254,702

[1] CO_2e is an abbreviation of 'carbon dioxide equivalent', the internationally recognised measure of greenhouse gas emissions.
[2] The DEFRA 2024 conversion factors have been used to calculate carbon emissions based on consumption (estimated where accurate readings are not available).

The Society's portfolio of mortgages secured on residential and Buy to Let properties had the following energy efficiency ratings, which is based on data provided by the Landmark Information Group.

31 December 2025

EPC Rating	Residential % by volume	Buy to Let % by volume	Total % by volume
A-C	38.5%	40.0%	38.4%
D-E	53.9%	56.8%	55.6%
F-G	6.0%	3.2%	4.8%
Unknown	1.6%	-	1.2%

31 December 2024

EPC Rating	Residential % by volume	Buy to Let % by volume	Total % by volume
A-C	36.7%	38.6%	36.1%
D-E	55.3%	56.2%	57.4%
F-G	5.2%	4.1%	4.3%
Unknown	2.8%	1.1%	2.2%

In addition to the measures taken to increase environmental sustainability by reducing carbon emissions, the Society is reducing the amount of paper sent to Members where emailing is appropriate. The Society encourages Members to sign up for the email version of the Annual General Meeting pack.

Colleagues are encouraged to travel sustainably, supported by the provision of a Cycle to Work scheme and an Electric Vehicle scheme. Most Society colleagues work in a hybrid pattern, spending part of the week working from home and some days in the office. This reduces the environmental impact of travel to work as well as saving commuting time.

Community Review

The Society donates a minimum of 2% of profits to local good causes, including to our main charity partner, Julian House and nine other local charities, though the Community Awards programme.

Members and Society colleagues jointly elected Julian House to be the Society's Charity of the Year for 2025. This important charity helps homeless people and other vulnerable adults in and around Bath into better life circumstances.

The Society's support of Julian House includes donations, colleague volunteering time and fundraising. In order to maximise the impact of working with the Society's main charity we have extended our partnership with Julian House until at least the end of 2026.

Helen Bedser, CEO of Julian House, said: "We cannot thank Bath Building Society enough for their unwavering support of Julian House, and their enthusiasm and interest to learn more about what we do here in Bath and in the wider South West. We're proud to be their Charity Partner and look forward to working together again this year."

Through its Community Awards programme the Society supported some amazing projects in our local community. In 2025 the Society granted awards of £500 to £5,000 to 1st Impressions, All Cycles Bath & West, Bath Area Play Project, Bath Digital Drive, Boys in Mind, Moorland Road Community Library, Share & Repair, The Bath Shed and VOICES.



Bath Area Play Project is a small voluntary organisation that provides a range of services for vulnerable and disabled children, young people and their families as well as support and training for adults working with children and young people.



Boys in Mind works in partnership with children, young people and professionals in a range of settings to promote good mental health and prevent suicide, particularly among boys and young men.



1st Impressions supports women to create their best first impression. They offer a completely free service, giving clients everything they need for their interview day, and they can also help by providing capsule wardrobes for a client's first few weeks of their new job.

The Society partners with The Rotary Club of Bath, to promote firework safety around Bonfire night, and also the annual Christmas Carol Service in Bath Abbey, which raised £3,550 for the Society's Charity of the Year, Julian House.

The Society is proud to deliver financial education workshops to local schools and sixth forms, with over 2,500 students and pupils benefiting from the programme in 2025, which was 58 workshop hours. To provide the workshops the Society partners with WizeUp Financial Education, a charity dedicated to equipping young people with essential financial skills for adult life.

Society colleagues have up to two days of paid leave per year to volunteer with charities, with 36 colleagues providing over 700 volunteering hours in 2025.

Approach to Risk Management

Risk management framework

The Society has a risk management framework that is approved by the Board and is implemented through a structure of Board and management committees, as shown in the Board governance structure on page 28.

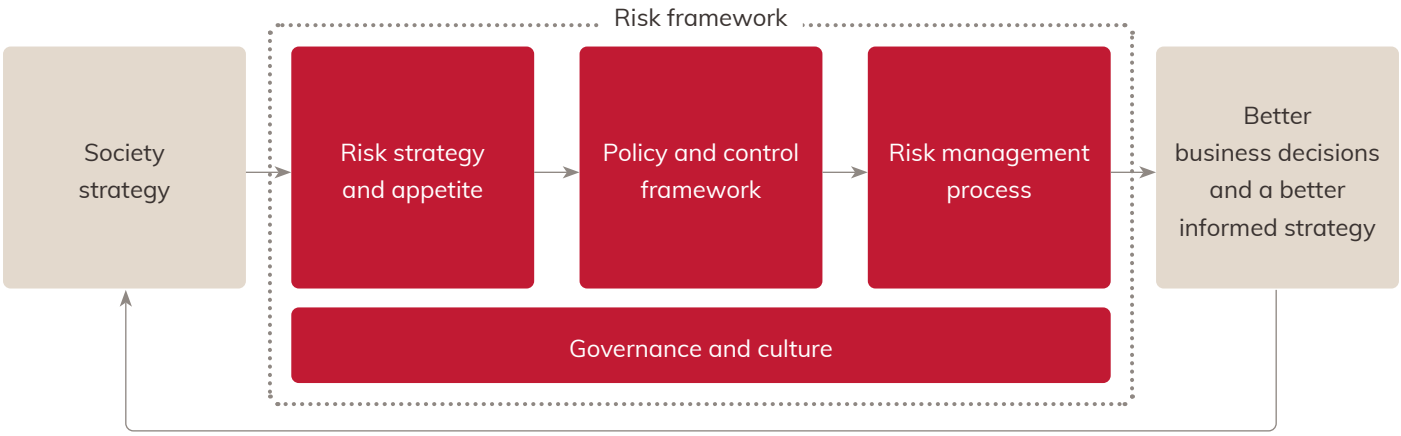
Our risk framework is based on three core principles:

- Taking risk is necessary to support our Members and be a successful business.
- Understanding risk is crucial to making good decisions.
- Risk management is part of what we do, not a separate activity.

The risk framework provides the approach to the identification, assessment, management, monitoring and reporting of risks and controls. Its purpose is to ensure the Society:

- Establishes the level of risk it is willing to take in pursuit of its objectives.
- Understands the risks it is taking and the controls to manage them.
- Learns from incidents to inform changes in the control environment.

The structure of the risk management framework is set out in the diagram below



Approach to Risk Management (continued)

Risk strategy and appetite

The Board is responsible for setting the Society's risk strategy and appetite, and ensuring overall risk management is appropriate and effective.

Risk appetite sets out the level of acceptable risk exposure the Society is willing to take in pursuit of its strategy. It is comprised of qualitative statements and quantitative metrics.

Policies and controls framework

Policies are in place across the Society to outline the expectations and control requirements to operate within risk appetite. Policies are reviewed by the relevant management committee and for material risks are subject to Board review and approval.

Risk management process

All business areas are responsible for managing the risks they take. They follow a standard process of risk identification, assessment, management, monitoring and reporting. The risks identified form the Society's risk profile and are monitored individually and as a whole to identify common drivers of risk and the aggregate level of risk.

The Society operates a *Three Lines of Defence* model. The Society's first line consists of each business function and the procedures and controls in place to manage risk. The second line consists of the Society's risk and compliance function and the third line is the Society's internal audit function.

Risk governance

The Board operates a Risk Committee that oversees the Society's risk management function and an Audit Committee that oversees the Society's systems of procedures and controls designed to mitigate risk.

The Society operates management committees covering each principal risk type to manage the business processes in place to keep risk within the Board's stated appetite. These committees report to the Board through the Risk Committee.

Principal Risks & Uncertainties

The table below shows the principal risks faced by the Society. For each risk the Society sets risk appetite, including metrics with limits and triggers where possible to limit the level of risk that can be taken. The Society identifies the controls used to mitigate the level of risk within this appetite and monitors the effectiveness of these controls.

Strategic risk

Risk categories	Source of risk exposure and outlook	Approach to managing risk
Business model: The risk that the business model is not sustainable or is exposed to income and cost volatility. **Strategic execution:** The risk that delivery of the strategy is constrained or has unintended or unexpected consequences	The Society operates in a competitive market. This creates risk via changes in the margin the Society earns between its assets and liabilities as well as the demand for its products. Customer expectations for the way our products and services are provided continues to change and requires investment to ensure the Society maintain the strong levels of customer service it's known for. The Society has embarked on a major transformation programme to reduce long-term risks but recognises this creates short-term risks relating to effective execution of the change activity.	It is essential the Society maintains a business model that is resilient to potential shocks and changing demands from the external environment. Maintaining strong levels of capital is a key part of ensuring the long-term sustainability of the Society. Business planning and stress testing are two of the key approaches for managing strategic risk. The Society actively takes strategic execution risks to ensure it continues to deliver relevant and competitive products and services that meet the needs and expectations of its current and future Members. Responsible Management Committee • Executive Committee

Principal Risks & Uncertainties (continued)

Credit Risk

Risk categories	Source of risk exposure and outlook	Approach to managing risk
Default: The risk that a borrower is unwilling or unable to pay. **Asset value:** The risk that asset values are lower than the outstanding debt. **Treasury credit:** The risk that treasury assets default or reduce in credit quality.	The Society actively takes credit risk by lending to mortgage customers. This is core to our purpose as a Building Society. Credit risk performance has been strong, with limited numbers of accounts in arrears. The biggest driver of credit performance is the wider economy, and despite previous increases in interest rates there has been no significant deterioration in the performance of the Society's mortgage lending and declines over the last year should reduce this risk. Challenges from higher interest rates and persistent inflation remain and are closely monitored and considered in our approach to credit risk.	To manage credit risk a clear lending policy and lending criteria are in place to limit the potential credit risk and focus on areas of mortgage lending where the Society has the expertise to assess the risk accurately. The Society invests some of its liquidity resources to generate a positive return and manage other financial risks. The Society has limits on the size and types of exposure, allowing only high-quality assets. Responsible Management Committee • Credit Committee

Financial Risk

Risk categories	Source of risk exposure and outlook	Approach to managing risk
Market: The risk that the value of assets or liabilities change due to movement in market rates. **Liquidity:** The risk that the Society cannot meet its financial obligations when they fall due. **Funding:** The risk that the Society cannot raise or replace funding when required.	The Society offers products with a range of different interest rates and product terms. This creates exposure to potential changes in interest rates which could affect the profitability of the Society. In common with other building societies the Society funds its mortgage lending with short-term savings deposits. Customers can typically access these savings with limited or no notice, creating a potential liquidity risk. The Society holds liquid assets to ensure it can meet payments. Competition in the savings market has increased and is expected to remain competitive during 2026. However, the Society has not seen any marked change in customer behaviour, so the outlook for funding remains positive.	The Society calculates its market risk position to ensure it remains within risk appetite at all times. Market risk is managed by hedging the interest rate exposures created by the products the Society offers. This is done by matching assets and liabilities and by transacting interest rate derivatives to reduce any residual exposure. The Society holds sufficient liquid assets, held in the form of deposits with the Bank of England or high quality and liquid government bonds to mitigate liquidity risk. The Society calculates the level of liquidity based on stress testing results and regulatory requirements. The level of available liquidity is monitored daily. Responsible Management Committee • Asset and Liabilities Committee

Principal Risks & Uncertainties (continued)

Conduct Risk

Risk categories	Source of risk exposure and outlook	Approach to managing risk
Product service design: The risk that products are poorly designed and are not suitable for customer needs. **Price and value:** The risk that products do not offer fair value to customers. **Customer support:** The risk that customers received poor or unsuitable service. **Customer understanding:** The risk that customers do not understand the products they receive or the way they are promoted. **Financial crime:** The risk that financial crime is committed through the activity or inactivity of the Society. **Regulatory and legal compliance:** The risk that the Society fails to meet its regulatory or legal obligations or is subject to legal disputes.	The Society offers a range of products and services to customers which if not managed could create poor customer outcomes. As a mutual the Society is run for its Members interests and therefore it aims to design all our products to avoid customer harm and benefit our Members. The Society is regulated and authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority. It is therefore required to meet a range of regulatory requirements which are subject to ongoing changes and enhancements. Notably in 2026 this will include changes to capital regulations and expectations for assessing climate change risks.	All products are subject to a risk assessment and review. This considers the potential for creating customer harm and seeks to mitigate this as far as possible. As part of the design process the Society considers how products and services may need to be adapted for vulnerable customers. The Society aims to meet all regulatory requirements set by our key regulators. Assessments against existing regulations are carried out to maintain effective compliance and it monitors and assesses all new regulation. Responsible Management Committee • Conduct Committee

Principal Risks & Uncertainties (continued)

Operational Risk

Risk categories	Source of risk exposure and outlook	Approach to managing risk
Data management: The risk that information is inaccurate, inaccessible, incomplete, misused or lost. **Financial management:** The risk that financial controls and reporting are inaccurate, untimely, or resources are mismanaged. **Technology:** The risk that technology services are disrupted or fail to meet business needs. **Security:** The risk that physical or data assets are stolen, disrupted, modified or destroyed. **Transaction execution:** The risk that transactions are processed incorrectly or not completed and/or reported incorrectly. **Health and safety:** The risk that colleagues or other individuals are subject to harm whilst working on Society activities.	The nature of its business model means the Society holds significant amounts of sensitive customer data and therefore it takes the management and security of this information extremely seriously. The external environment is constantly evolving and our security controls against cyber threats therefore need to remain responsive to the changing threat. In addition, developments in artificial intelligence (AI) represent both an opportunity and threat to our business and are being closely monitored. The Society is actively seeking opportunities to implement AI solutions where appropriate, to improve efficiency and productivity, but through its strategy recognises that maintaining human interaction is important to our customers and a factor that sets us apart from other firms. Our customers rely on the Society for the provision of key services. Ensuring the resilience of these services to limit the potential for customer harm is important both for the immediate impact on our customers as well as the longer-term reputation of the Society.	The Society accepts that operational risks are a part of any business. We seek to limit the potential downside impact of operational risk wherever reasonable to do so with a particular emphasis on risks that could cause customer harm due to a lack of operational resilience. Identification of controls to manage operational risks and the testing of these controls forms a fundamental part of mitigating this risk. Scenario testing and disaster recovery tests help us to consider more extreme scenarios that could cause harm to our customers or to the Society and ensure the Society has appropriate levels of resilience to these events. Responsible Management Committee • Operational Risk Committee

The Board of Directors



Joanne Evans

Independent Non-Executive Director

Joanne joined the Board in January 2021 and was elected as Chair in January 2023.

Roles

- Chair of the Board
- Chair of Nomination Committee
- Member of Risk Committee
- Member of Remuneration, People & Culture Committee



Kevin Hayes

Independent Non-Executive Director

Kevin joined the Board in January 2022.

Roles

- Chair of Risk Committee
- Member of the Nomination Committee

The Board of Directors (continued)



Andrew Healy MBE

Independent Non-Executive Director

Andrew joined the Board in February 2025.

Roles

- Member of Audit Committee



Fionnuala Earley

Independent Non-Executive Director

Fionnuala joined the board in January 2018.

Roles

- Senior Independent Director
- Chair of Remuneration, People & Culture Committee
- Member of Audit Committee

The Board of Directors (continued)



Sameer Rahman

Independent Non-Executive Director

Sameer joined the Board in May 2022.

Roles

- Member of Risk Committee
- Member of Nomination Committee
- Member of Remuneration, People & Culture Committee



Andrew Payton

Independent Non-Executive Director

Andrew joined the Board in January 2024.

Roles

- Chair of Audit Committee

The Board of Directors (continued)



Richard Ingle

Chief Executive Officer (CEO)

Richard joined the Board in August 2022.

Roles

- Executive Director/Board Member



Ash Kassam

Chief Financial Officer (CFO)

Ash joined the Society in March 2024 and was appointed to the Board in June 2024.
Ash resigned in October 2025 and will be stepping down from the Board on 23 April 2026.

Roles

- Executive Director/Board Member

Board Composition

There was only one change to the composition of the Board during 2025, which was the appointment of Andrew Healy. Andrew joined the Board as a Non-Executive Director from February 2025, following the retirement of David Smith in April 2025, after reaching the end of his nine-year tenure. Ash Kassam has resigned and will be stepping down from his role as CFO at the AGM on 23 April 2026.

Inclusion and diversity are important to the Society to ensure there is variety of thought, a range of lived experiences and it remains innovative, creative and relatable.

The Board has concluded that it is of an appropriate size, with the necessary balance of skills and experience to meet the needs of the business.

Gender Diversity of the Board
At 31 December 2025



- Male **- Six Directors**
- Female **- Two Directors**

Tenure of Non-Executive Directors
At 31 December 2025



- 0 years – 3 years **- Two Directors**
- 4 years – 6 years **- Three Directors**
- 6 years – 9 years **- One Director**

As detailed in the Directors' Report, all Directors are submitted for election or re-election at the AGM. Directors are only submitted for re-election if the annual appraisal process with the Chair confirms their ongoing contribution and the specialist knowledge, skills, experience and independence continues to be required.

The Executive Committee

As Executive Directors of the Board, Richard Ingle and Ash Kassam are also Members of the Executive Committee along with:



Chief Mortgage Officer

Craig joined the Society in June 2015.

Key responsibilities are Mortgage Sales and Operations.



Chief Customer Officer

Emma joined the Society in February 2024.

Key responsibilities are Customer Service, Marketing and Savings Operations.



Chief People Officer

Foteini joined the Society in May 2023.

Key responsibilities are People matters.

The Executive Committee (continued)



Chief Risk Officer

Peter joined the Society in April 2024.

Key responsibilities are Risk Management and Compliance.



Chief Digital Officer

Steve joined the Society in January 2021.

Key responsibilities are Information Technology, Data Analytics, Business Change and Transformation.

Directors' Report

The Directors have pleasure in presenting the Annual Report and Accounts for the year ended 31 December 2025.

Colleagues

The Directors recognise that the continued strong performance of the Society is due in large part to the professionalism and skill of the Society's colleagues demonstrated across all aspects of the Society's operations. They place on record their sincere appreciation of the commitment and dedication shown during the year.
The Board maintains the view that the future of the Society will increasingly depend on a partnership between the Board, its colleagues, Members and partners. To ensure that this is promoted, Directors will continue the policy of employing colleagues who possess skill and integrity in all areas of the business and who are aligned to the Society's values.

Creditors' payment policy

The Society's policy is to pay trade creditors in accordance with agreed terms once such creditors have fulfilled all aspects of the contract. At the end of 2025 trade creditors outstanding represented 40 days of purchases (2024: 29 days) due to the timing of invoice payments.

Charitable and political donations

In 2025, the Society made donations to charities of £51,000 (2024: £15,000). No political donations were made by the Society in the current or prior year.

Asset encumbrance policy

The Society's policy is to permit the encumbrance of assets where this is required as a norm of standard market practices or where it is necessary to obtain central bank funding facilities or liquidity insurance. From time-to-time, the Society also provides cash collateral to NatWest Markets as a requirement of the Credit Support Annex to the International Swaps and Derivatives Association master agreement that the Society has in place with that counterparty.

Independent Auditors

At the Annual General Meeting on 28 April 2025 the Members passed a resolution appointing PricewaterhouseCoopers LLP ('PwC') as auditors of the Society. A resolution to reappoint PwC will be proposed at the 2026 Annual General Meeting.

Statement of Directors' responsibilities in respect of the accounts

Preparing the Annual Accounts

The following statement, which should be read in conjunction with the statement of the auditors' responsibilities on page 42, is made by the Directors to explain their responsibilities in relation to the preparation of the Annual Accounts, Annual Business Statement and Directors' Report.

The Building Societies Act 1986 ('the Act') requires the Directors to prepare Annual Accounts for each financial year which give a true and fair view of the state of affairs of the Society as at the balance sheet date and of the income and expenditure of the Society for the year. In preparing those accounts, the Directors are required to:

- Select appropriate accounting policies and apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed; and
- Prepare the accounts on the going concern basis, unless it is inappropriate to presume that the Society will continue in business.

In addition to the accounts, the Act requires the Directors to prepare, for each financial year, an Annual Business Statement and a Directors' Report, each containing prescribed information relating to the business of the Society.

Accounting Records and Internal Control

The Directors are responsible for ensuring that the Society:

- Keeps accounting records in accordance with the Act or the Companies Act 2006 (as relevant);
- Adheres to financial risk management objectives with regards to its use of financial instruments (see Risk Management Report); and
- Takes reasonable care to establish, maintain, document and review such systems and controls as are appropriate to its business, in accordance with the rules made by the Prudential Regulation Authority under the Financial Services and Markets Act 2000.

Disclosure of information to the auditors

Each person who is a Director at the time when the Directors' Report is approved must:

- Ensure that there is no relevant audit information of which the Society's auditors are unaware; and
- Ensure that all steps have been taken that ought to have been taken to make themselves aware of any relevant audit information and to establish that the Society's auditors are aware of that information.

The Directors have general responsibility for safeguarding the assets of the Society and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for the integrity of the Society's website www.bathbuildingsociety.co.uk. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the accounts since they were initially presented on the website. Information published on the internet is accessible in many countries with different legal requirements relating to the preparation and dissemination of accounts.

Information in these accounts is provided under the legislation of the United Kingdom.

Going concern

In the Directors' opinion, the Society continues to deliver strong results despite a competitive mortgage and savings market and a challenging economic and political environment. Core profitability decreased during the year and is expected to remain lower over the next two years as the Society continues to invest in its IT infrastructure. During this period, the Society is successfully growing its mortgage book and focusing on a product mix that supports margins, which is expected to lead to higher profitability as these developments start to mature.

In the coming year the Society expects to achieve further mortgage portfolio growth. The Society will fund mortgage growth from current liquid resources and by increasing the Society's base of shares and deposits primarily through a combination of retail and non-retail sources, the latter focussing on client and trust business. The Society does not expect to have to seek any wholesale funding from the money markets. However, to smooth out the peaks and troughs in savings growth, Bank of England funding, in the form of the Indexed Long Term Repo Facility (ILTR) will be used in limited quantities where required.

The Board has conducted a recent review of going concern which has included a review of funding, liquidity and capital projections for a four-year period after the balance sheet date. This review indicates that the Society can expect to generate sufficient liquidity to fund expected mortgage growth whilst maintaining robust levels of short-term liquidity throughout the period.

The Society operates in an environment that includes access to Bank of England Sterling Monetary Framework funding facilities. The Board has established a target of maintaining the Society's overall level of liquid resources above 120% of its Liquidity Coverage Ratio requirement.

The Board has stress-tested its planned liquidity and capital positions over a four-year period to 31 December 2029 to demonstrate that adequate capital and liquidity will be available throughout this strategic period, even in severe but plausible stressed scenarios. Notwithstanding the challenges presented by the continuing cost of living crisis and the resulting pressures on household finances, the Board expects the Society to continue to deliver profits that are sufficient to deliver adequate levels of capital, and for the Society to maintain a surplus of capital over its regulatory requirements.

The Directors also considered whether there were other events subsequent to the balance sheet date which could have a bearing on the going concern conclusion.

Directors' Report (continued)

The Directors are satisfied that the Society has adequate resources to continue in business for 12 months from the date of the Annual Report and Accounts being signed. For this reason, they continue to adopt the going concern basis in preparing the accounts.

Post balance sheet events

The Directors consider that no events have occurred since the year end, to the date of approval of the Annual Report and Accounts, that are likely to have a material effect on the financial position of the Society.

Directors

The following persons served as Directors during the year: Andrew Healy, Andrew Payton, Ash Kassam, David Smith, Fionnuala Earley, Joanne Evans, Kevin Hayes, Richard Ingle and Sameer Rahman. There was one retirement during the year, which was David Smith, who retired at the AGM on 28 April 2025. In addition, Ash Kassam resigned in October 2025 and is due to step down as CFO at the AGM on 23 April 2026.

In line with the principles of the UK Corporate Governance Code 2018, all Directors who served in 2025 will retire from the Board at the AGM and, assuming they are eligible, will then offer themselves for re-election at the AGM. Following his resignation in October 2025, Ash Kassam will not be standing for re-election at the 2026 AGM. None of the Directors holds any shares in, or debentures of, any connected undertaking of the Society.

Approval

The Directors consider that the Annual Report and Accounts, comprising the Annual Accounts, Strategic Report, Annual Business Statement and Directors' Report, taken as a whole, are fair, balanced and understandable and provide the information necessary for Members to assess the Society's performance, business model and strategy.

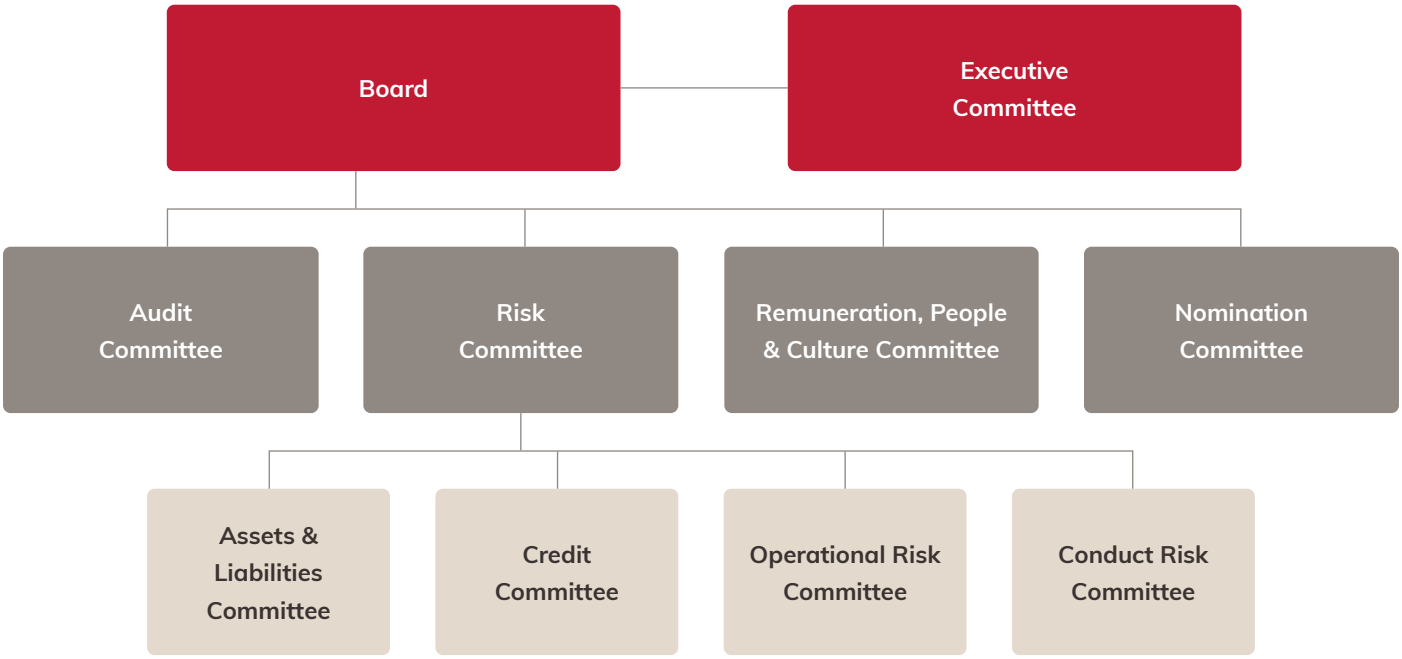


On behalf of the Board

Joanne Evans
Chair
5 March 2026

Directors' Report on Corporate Governance

Corporate Governance Structure



The Roles and Responsibilities of the Board and its Committees

The primary role of the Board is to set the Society's direction and strategy, safeguard Members' interests, and ensure the financial strength of the Society to meet the needs of the current and future Membership.

The Society's Board Manual provides details on the key roles and responsibilities of the Board. It also provides an overview of the key meetings and signposts the main rules and regulations that Board Members need to be aware of when performing their duties as Directors of the Society. The Board meets as often as necessary for the proper conduct of business, which is usually ten times a year. The attendance record for the last year is detailed on page 33.

The Non-Executive Directors meet at least once a year without the Executive Directors being present. The Board takes an interest in all aspects of the business, but delegates certain decisions and responsibilities to its Board committees.

The Board

Principal Functions

- Strategic – setting the overall vision and purpose, approving strategic plans and providing change leadership.
- Governance and Oversight – monitor management performance, oversee risk management, ensure regulatory compliance, and maintain high standards of conduct.
- Financial Stewardship – approving budgets and major investments, monitoring financial performance and ensuring capital strength.
- Member Representation – act in the Members' best interests, engage with Members and champion mutual values.
- Leadership and People – appoint and evaluate the CEO and promote diversity and inclusion.
- Accountability and Transparency – report to Members, ensure internal and external audit effectiveness and deal with conflicts of interest.

Risk Committee

The role of the Risk Committee is to ensure the Society understands and manages its risks and remains within its risk appetite.

The Committee is constituted by three Non-Executive Directors, with meetings held at least four times per year. The Executive Directors, other Executive Committee Members, along with representatives of the external and internal auditors attend by invitation.

Principal Functions

- Risk Strategy and Appetite – review and recommend risk appetite, align it with the business strategy.
- Risk Oversight – monitor and challenge management on the approach to risk management including material risk policies and frameworks.
- Prudential Risk Assessments – challenge and review the following key prudential risk documents: ICAAP, ILAAP, Recovery Plan, Solvent Exit Analysis and Resolution Pack.
- Regulatory Compliance – ensure regulatory requirements are met.
- Risk Awareness and Culture – promote a strong risk culture.
- Reporting and Escalation – provide reporting to the Board that risks are within appetite and escalate material breaches or concerns.

Audit Committee

The role of the Audit Committee is to ensure financial integrity, monitor risk controls and establish good governance.

The Committee is constituted by three Non-Executive Directors, with meetings held at least four times per year. The Executive Directors, other Executive Committee Members, along with representatives of the external and internal auditors attend by invitation.

Principal Functions

- Oversight of Financial Reporting – reviewing financial statements, challenging assumptions and estimates and monitoring the integrity of published reports.
- Monitoring of Internal Controls – assessing adequacy of controls.
- Audit Oversight – monitoring of external and internal audits and ensuring appropriate management follow-up of audit issues.
- Whistleblowing and Fraud – oversight of whistleblowing arrangements and monitoring the risk of fraud.
- Reporting to the Board – regular updates on the financial control environment and any major concerns around financial stability or Member trust.

The Board is satisfied that the Audit Committee includes Members who have adequate, recent and relevant financial experience. The Society Chair is not a Member of the Audit Committee. The Audit Committee meets with the auditors, without the Executives present, whenever considered necessary and at least once per year. Minutes of Committee meetings are distributed to all Board Members and the Chair of the Audit Committee reports to the Board.

The Audit Committee reviews the effectiveness of the audit arrangements, the performance of the external auditors, and the performance of the internal audit function after completion of each annual cycle. The Audit Committee Chair also liaises with the Chief Executive, Chief Financial Officer and Chief Risk Officer to assess relationships and operational working practices. The ongoing effectiveness of the internal audit process is considered by the Audit Committee by way of a formal review of the Annual Audit Plan and by review of interim reports to the Committee.

The Audit Committee liaises with management to review the level and split of total fees paid to the internal and external auditors (RSM Risk Assurance Services LLP ('RSM') and PwC respectively) and it assesses whether auditor independence is being maintained. Following the latest annual review, noting that PwC did not carry out any non-audit engagements during other than the review of the Summary financial statements, the Section 68 return and the review of the 2024 Country-By-Country Reporting disclosure, the Audit Committee considered that independence, effectiveness and objectivity were not compromised. In addition, PwC as external auditor confirmed to the Committee that it considers itself to be independent as defined by the Financial Reporting Council.

The Audit Committee assesses its own effectiveness by formally assessing the results from an annual Audit Effectiveness Questionnaire that is completed by all Committee Members.

Remuneration, People and Culture Committee

The role of the Remuneration, People and Culture Committee is to oversee the remuneration of Directors and Senior Executives, ensure that remuneration policies are fair and responsible and monitor the culture within the Society.

The Committee is constituted by three Non-Executive Directors, with meetings held at least three times per year. The Chief Executive and Chief People Officer are invited to attend the Committee meetings.

Principal Function

- Remuneration Policy – develop and review the remuneration policy and ensure it complies with regulatory requirements.
- Set Director and Senior Executive Pay – make recommendations to the Board for remuneration of Directors and oversee Senior Executives evaluation.
- Performance and Incentives – review and approve the framework for performance measures linked to bonuses.
- People and Culture – oversee culture and the colleague proposition.
- Engagement and Reporting – report to the Board and oversee engagement with Members on remuneration and culture matters.

Nomination Committee

The role of the Nomination Committee is to oversee the appointment and succession planning of Directors, to ensure the right mix of skills, experience, independence and diversity.

The Committee is constituted by three Non-Executive Directors. Meetings are held as required, with two meetings held in 2025 in relation to the appointment of Andrew Healy as Non-Executive Director and the recruitment plan for the CFO.

Principal Function

- Board Composition and Succession Planning – assess the structure and composition of the Board and plan for succession.
- Director Recruitment and Appointment – lead the process for recruiting and appointing Directors, ensuring the necessary due diligence and vetting, as well as re-elections.
- Board Diversity, Independence and Inclusion – promote a diverse Board, monitor independence and oversee diversity and inclusion policies.

Management Committees

In addition to the main Board Committees above, the business operates with management subcommittees of the Risk Committee that assist in managing business risks.

The responsibilities of these committees are summarised below:

Management Committee	Overview
Credit Committee Meets quarterly	The Committee is responsible for managing the quality of the Society's mortgage book and oversees changes to the Society's lending policy and underwriting approach. The Committee also approves new underwriting mandates and gives approval for certain loans as specified in the Society's lending policy.
Assets & Liabilities Committee Meets monthly	The Committee manages all aspects of financial risk management, treasury matters and liquidity. The Committee reviews interest rate risk positions, treasury investments, asset encumbrance levels, liquidity arrangements and pricing decisions.
Conduct Risk Committee Meets quarterly	The Committee manages the Society's approach to ensuring that all customers are not subject to harm and receive good outcomes from their interactions with the Society. It is also responsible for managing the risks from financial crime and that the Society complies with its regulatory responsibilities.
Operational Risk Committee Meets quarterly	The Committee monitors the operational risks run by the Society as part of delivering its services. These focus on technology and security risks, including operational resilience and business continuity, as well as the accurate and successful execution of transactions by the Society for its customers.

Evaluating Board Effectiveness

In 2023 the Board carried out its periodic external review of Board Effectiveness. Having an externally facilitated review, enabled the Board to stand back and assess its strengths and areas for development through an independent lens and identify changes to enable the achievement of full potential. Overall, the Board and Board Sub-Committees were found to be operating effectively and agreed an action plan for future development.

Various improvements were made in 2024, which included the development of the strategy formulation process and monitoring of progress against the strategy. In addition, the role of the Remuneration, People and Culture Committee was extended to include People and Culture oversight.

In 2025, the new policy framework has been adopted for all Board approved policies, providing a more concise format which is more aligned to the Society's risk profile, with related controls. The Management Information presented to the Board has been further developed with more forward-looking data being presented. Strategic areas requiring more focus from the Board have been identified and deep-dives undertaken, with particular focus on the review of productivity and identifying the key productivity metrics.

UK Corporate Governance Code

The Directors are committed to best practice in Corporate Governance. Although the UK Corporate Governance Code issued by the Financial Reporting Council in 2018 (updated in 2024) does not apply directly to mutual organisations, the Board, whilst not directly applying the Code, pays due regard to the Code principles.

The offices of Chair and Chief Executive are distinct and are held by different people. The role of each is set out in their terms of appointment and service contract respectively. The Chair is responsible for overseeing the performance of the Board, leading the development and implementation of the Society's policies and procedures and setting the culture. The Chair promotes debate and challenge and ensures that there is contribution from all Members of the Board. The Chief Executive is responsible for carrying out the management and conduct of the Society's business within the parameters set by the Board.

The Senior Independent Director provides an alternative channel of communication for Directors, colleagues and Members and has responsibility for ensuring that the performance of the Chair is appraised on an annual basis.

New Directors receive induction training which provides information on the nature of building societies, their role and responsibilities, interpretation of management information, the Society's business and local market, overview of regulatory requirements and significant issues for the sector and industry. Training is provided to the Board both by management and by attendance on external courses. Ongoing training and development needs are identified during annual appraisals.

The Society maintains liability insurance for all Board Members who also have access to independent legal advice.

Each year the Society sends details of the AGM (online or postal depending on Member preference) to all Members eligible to vote. Members are encouraged to exercise their right to vote and are sent forms enabling them to appoint a proxy to vote for them if they cannot attend the AGM.

Members and Annual General Meeting

As a mutual organisation, the Society has a Membership composed of individual customers. In addition to the annual survey included in the AGM pack, the Society proactively seeks the views of Members through the financial services review site Smart Money People, regular Member Forums at our Head Office in Bath and an online Member Panel. All feedback is welcomed and considered through the governance structure and contributes to the Society's drive to improve outcomes for its customers.

The Society continues to seek ways to increase this dialogue in the future.

At the AGM, a presentation is given by the Society Chair and Chief Executive covering the Society's performance over the past year and future developments. A poll is called in relation to each resolution at the AGM, enabling all proxy votes to count. A scrutineer oversees the counting of votes at the AGM. Members of the Board are present at the AGM and are available to answer questions from the Membership.

Table 1: Directors' Attendance Record

Director	Board	Risk	Audit	Remuneration	Nomination
Andrew Healy	8/9	-	3/4	-	-
Andrew Payton	10/10	-	5/5	-	-
David Smith	4/4	-	3/3	-	-
Fionnuala Earley	10/10	-	5/5	4/4	-
Joanne Evans	10/10	4/4	-	4/4	2/2
Kevin Hayes	10/10	4/4	-	-	2/2
Sameer Rahman	10/10	4/4	-	4/4	2/2
Ash Kassam	10/10	-	-	-	-
Richard Ingle	10/10	-	-	-	-

(number of meetings actually attended/number of meetings held)



On behalf of the Board

Joanne Evans
Chair
5 March 2026

Directors' Remuneration Report

Unaudited information

The following Report of the Directors on Remuneration will be put to an advisory vote of the Members at the forthcoming Annual General Meeting.

The Board has due regard to the principles outlined in the UK Corporate Governance Code 2018 relating to the setting of remuneration.

Level and components of remuneration

The Society's Remuneration Policy is to reward Directors through salary according to their expertise, experience and contribution. The Society also carries out benchmarking against other comparable organisations.

Executive Directors' emoluments

The remuneration arrangements for Executive Directors consist of basic salary, annual bonus, pension and other benefits. The Executive Directors do not hold other directorships that provide an income for the benefit of themselves.

The Remuneration, People and Culture Committee designs the Executive Directors' bonus scheme to align the interests of Executive Directors with the interests of Members and provide incentives that recognise their personal performance and the Society's achievements. If a range of challenging personal and operational targets is achieved, the Executive Directors (and other Executive Committee Members) can achieve a bonus of 15% of basic salary.

The Executive Directors benefit from a pension scheme whereby the Society contributes 12% of basic salary per annum to a money purchase scheme. The Society operates no final salary pension arrangements.

Richard Ingle received the benefit of a company car. Richard Ingle and Ash Kassam both received the benefit of health insurance. The aggregate amount of these benefits is included in Table 2.

Executive Directors' contractual terms

Each Executive Director has an employment contract with the Society, terminable by either party giving six months' notice.

Non-Executive Directors

The level of fees payable to Non-Executive Directors is assessed by the Remuneration, People and Culture Committee using information from comparable organisations. These fees are not pensionable. Non-Executive Directors do not participate in any bonus schemes, and they do not receive any other benefits. Details of Non-Executive Directors' emoluments are set out in Table 3.

The terms of appointment letter for each Non-Executive Director specifies that they must provide three months' notice and the Society provides one month's notice to terminate the agreement.

Procedure for determining remuneration

Fionnuala Earley, Joanne Evans and Sameer Rahman constituted the Remuneration, People and Culture Committee in 2025. The Committee is responsible for setting Executive Director remuneration and Non-Executive Director fees.

After a review of the responsibilities and workload of Non-Executive Directors, the Committee approved a 3.6% rise in fees for 2026, in line with the current rate of inflation.

The Remuneration, People and Culture Committee reviews Executive Directors' basic salaries on an annual basis, by reference to jobs carrying similar responsibilities in comparable organisations and local market conditions generally.

Audited information

Table 2: Executive Directors' Emoluments

2025	Basic salary £	Annual bonus/ other payments £	Benefits £	Pension contributions £	Total 2025 £
Ash Kassam	183,134	19,354	911	21,055	224,454
Richard Ingle	196,096	26,548	1,886	23,532	248,062
Total 2025	**379,230**	**45,902**	**2,797**	**44,587**	**472,516**

2024	Basic salary £	Annual bonus/ other payments[1] £	Benefits £	Pension contributions £	Total 2024 £
Ash Kassam [2]	134,231	17,383	3,798	15,123	170,535
Kevin Gray [3]	94,993	11,048	4,661	11,399	122,101
Richard Ingle	180,920	23,465	1,426	21,710	227,521
Tonia Lovell [4]	107,948	80,403	7,536	22,860	218,747
Total 2024	**518,092**	**132,299**	**17,421**	**71,092**	**738,904**

[1] The annual bonus numbers for 2024 were previously disclosed on a cash basis. They have now been disclosed on an accruals basis to align with the 2025 bonus disclosure.
[2] Ash Kassam was appointed in June 2024.
[3] Kevin Grey retired on 30 June 2024.
[4] Other payments and pension contributions includes £90,676 which relates to the payment to Tonia Lovell for loss of office when she retired on 30 November 2024.

Table 3: Non-Executive Directors' Emoluments (comprising total fees)

	2025 £	2024 £
Andrew Healy (appointed 28 April 2025)	30,827	-
Andrew Payton	38,750	34,768
Angela Cha (retired 30 April 2024)	-	11,205
David Smith (retired 28 April 2025)	12,844	37,397
Fionnuala Earley	36,453	35,179
Joanne Evans (Society Chair)	48,011	46,335
Kevin Hayes	37,602	36,288
Sameer Rahman	33,964	32,778
Total	**238,451**	**233,950**



On behalf of the Remuneration, People and Culture Committee

Fionnuala Earley
Independent Non-Executive Director
5 March 2026

Independent auditors' report to the Members of Bath Investment & Building Society

Report on the audit of the annual accounts

Opinion

In our opinion:

- Bath Investment & Building Society's ("the Society") annual accounts (the "annual accounts") give a true and fair view of the state of the Society's affairs as at 31 December 2025 and of the Society's income and expenditure and cash flows for the year then ended;
- the annual accounts have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"), and applicable law; and
- the annual accounts have been prepared in accordance with the requirements of the Building Societies Act 1986.

We have audited the annual accounts, included within the Annual Report & Accounts (the "Annual Report"), which comprise:

- the statement of financial position as at 31 December 2025;
- the income statement, the cash flow statement and the statement of changes in equity for the year then ended;
- and the notes to the annual accounts, which include a description of the significant accounting policies.

Certain notes to the annual accounts have been presented elsewhere in the Annual Report, rather than in the notes to the annual accounts. These are cross-referenced from the annual accounts and are identified as '(Audited)'. The relevant disclosures are included in the Strategic Report.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the annual accounts section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent auditors' report (continued)

Independence

We remained independent of the Society in accordance with the ethical requirements that are relevant to our audit of the annual accounts in the UK, which includes the FRC's Ethical Standard, as applicable to public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in the Directors' Report, we have provided no non-audit services to the Society in the period under audit.

Our audit approach

Overview

Audit scope	• The scope of our audit and the nature, timing and extent of audit procedures performed were determined by our risk assessment of the operations of the Society. • We performed audit procedures over all material account balances and financial information of the Society.
Key audit matters	• Impairment losses on loans and advances to customers.
Materiality	• Overall Society materiality: £486,000 (2024: £484,000) • Based on 1% of the Society's total equity attributable to Members • Performance materiality: £364,500 (2024: £363,000)

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the annual accounts. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Capability of the audit in detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined in the Auditors' responsibilities for the audit of the annual accounts section, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Society and market, we identified that the principal risks of non-compliance with laws and regulations related to breaches of UK regulatory principles, such as those governed by the Financial Conduct Authority ('FCA') and the Prudential Regulation Authority ('PRA'), and we considered the extent to which non-compliance might have a material effect on the annual accounts. We also considered those laws and regulations that have a direct impact on the annual accounts such as the Building Societies Act 1986. We evaluated management's incentives and opportunities for fraudulent manipulation of the annual accounts (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journals to increase interest income, and the use of bias in determining accounting estimates. Audit procedures performed included:

- discussion with management and those charged with governance to enquire of any known instances of non-compliance with laws and regulations, or fraud;
- reviewing correspondence with the Society's regulators, the FCA and the PRA, in relation to compliance with financial services regulations;
- reviewing internal audit reports, and relevant meeting minutes including those of the Audit Committee and the Board;
- incorporating unpredictability into the nature, timing and/or extent of our testing;
- challenging assumptions and judgements made by management in their significant accounting estimates, in particular, in relation to impairment losses on loans and advances to customers (see the related key audit matter below); and
- identifying and, where relevant, testing journal entries posted during the audit period by applying a risk-based criteria to find those which may be fraudulent.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the annual accounts. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the annual accounts for the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

The key audit matter below is consistent with last year.

Key audit matter	How our audit addressed the key audit matter
Impairment losses on loans and advances to customers The Society has recognised a credit on the impairment on loans and advances to customers ("loans") in the year. An individually identified allowance and a collective impairment allowance are included in the Statement of financial position at 31 December 2025. The individually identified provision covers loans where the customer, has for example, been in arrears for three months or more or is subject to forbearance. Loans that do not display an individual indicator of impairment are assessed for recoverability within the collectively assessed impairment calculation.	We discussed with management and the Audit Committee, the basis of allowance for impairment including rationale for assumptions used in determining their provision. We have performed the following audit procedures: • Tested the accuracy of the data used within the impairment model. This included obtaining evidence on a sample basis and agreeing customer details back to source data, obtaining third-party independent valuations where available, and confirming that the Society has a legal charge over the collateral. Tested the reasonableness of key assumptions within the model through independent verification of external data and evaluated the reliability of management's experts.

Independent auditors' report (continued)

Key audit matter	How our audit addressed the key audit matter
Judgement needs to be applied by the Directors to identify loans where an impairment event has occurred and once identified, in determining the estimate of loss on a loan. Such a loss is calculated by models which discounts the future cash flows expected to be received on a loan. The collectively assessed impairment calculation is impacted by assumptions around the probability of default and loss given default with reference to historical loss data. Loss given default is calculated using assumptions in respect of the underlying valuation of the property with a forced sale discount applied. The model also includes an overlay in respect of the risk that some properties within the portfolio contain cladding, which is now banned following a change to the Building Safety Act 2022. This is reflected in the impairment allowance by increasing the probability of default assumption and reducing the collateral valuation which impacts the loss given default assumption. The Society has limited loss data on which to base assumptions in general so there is a higher degree of estimation uncertainty in deriving impairment provisions. Our work focused on the reasonableness of assumptions used in these provisions. See notes 1 and 2 to the annual accounts for the Directors' disclosures of the related accounting policies, judgements and estimates, and note 12 for detailed impairment disclosures.	• On sample basis, for valuation of collateral, we assessed the appropriateness of the external valuers and agreed the base property value to original purchase price or more recent external valuation reports. We performed a revaluation of the collateral through indexation up to the 31 December 2025 using independently sourced House Price Indices. • We evaluated the adequacy of the disclosure provided by management and considered whether the disclosures were compliant with accounting standards.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the annual accounts as a whole, taking into account the structure of the Society, the accounting processes and controls, and the industry in which it operates.

All of the Society's activities are in the United Kingdom and all its activities are undertaken through the Society. The Society has no active subsidiaries. Its activities are the provision of mortgage finance primarily for the purchase and improvement of residential property and savings products for private individuals and local businesses.

We performed audit procedures over all material account balances and financial information of the Society. A combination of controls testing and substantive procedures provided us with sufficient audit evidence as a basis for our audit opinion on the annual accounts.

Independent auditors' report (continued)

The impact of climate risk on our audit

As part of our audit, we made enquiries of management to understand the process management adopted to assess the extent of the potential impact of climate risk on the Society's annual accounts, and we remained alert when performing our audit procedures for any indicators of the impact of climate risk.

Our procedures did not identify any material impact in the context of our audit of the financial statements as a whole, or our Key audit matter for the year ended 31 December 2025.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the annual accounts as a whole.

Based on our professional judgement, we determined materiality for the Annual Accounts as a whole as follows:

Overall materiality	£486,000 (2024: £484,000).
How we determined it	1% of total equity attributable to Members.
Rationale for benchmark applied	Total equity attributable to Members is considered to be the most appropriate benchmark for the Society given that its strategy is not one purely of profit maximisation, but instead to provide a secure place for customer assets in a mutual environment. Regulatory capital is the key benchmark for management and regulators, but it is not a statutory accounts measure. Therefore, our materiality calculation is based on total equity attributable to Members as this approximates to regulatory capital given the simple funding structure of the Society.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% (2024: 75%) of overall materiality, amounting to £364,500 (2024: £363,000) for the Society annual accounts.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £48,600 (2024: £48,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Society's ability to continue to adopt the going concern basis of accounting included:

- critically assessing the directors' going concern assessment;

- evaluating the impact of management's stress test scenarios and considering the likelihood of successful implementation of management actions;
- considering whether the Society would continue to operate above required regulatory capital and liquidity minimum during times of stress;
- evaluating management's disclosures in the Annual Report and checking the consistency of the disclosures with our knowledge of the Society based on the audit work which we have performed.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Society's ability to continue as a going concern for a period of at least twelve months from the date on which the annual accounts are authorised for issue.

In auditing the annual accounts, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the annual accounts is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Society's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the annual accounts and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the annual accounts does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the annual accounts or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Annual Business Statement and Directors' Report we also considered whether the disclosures required by the Building Societies Act 1986 have been included.

Based on our work undertaken in the course of the audit, the Building Societies Act 1986 requires us also to report certain opinions and matters as described below.

Annual Business Statement and Directors' Report

In our opinion, based on our work undertaken in the course of the audit:

- the Annual Business Statement and the Directors' Report have been prepared in accordance with the requirements of the Building Societies Act 1986;

- the information given in the Directors' Report for the year ended 31 December 2025 is consistent with the accounting records and the annual accounts; and
- the information given in the Annual Business Statement (other than the information upon which we are not required to report) gives a true representation of the matters in respect of which it is given.

In light of the knowledge and understanding of the Society and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the annual accounts and the audit

Responsibilities of the directors for the annual accounts

As explained more fully in the Statement of Directors' responsibilities in respect of the accounts, the directors are responsible for the preparation of the annual accounts in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the directors are responsible for assessing the Society's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Society or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the Annual Accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the annual accounts is located on the Financial Reporting.

Use of this report

This report, including the opinions, has been prepared for and only for the Society's members as a body in accordance with Section 78 of the Building Societies Act 1986 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Building Societies Act 1986 exception reporting

Under the Building Societies Act 1986 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the Society; or
- the Society annual accounts are not in agreement with the accounting records; or
- we have not received all the information and explanations and access to documents we require for our audit.

We have no exceptions to report arising from this responsibility.

Appointment

We were first appointed by the Society for the financial year ended 31 December 2018. Our uninterrupted engagement covers 8 financial years.

Stafford Moran (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
5 March 2026

Income statement

For the year ended 31 December 2025

	Notes	2025 £000	2024 £000
Interest receivable and similar income	3	**21,926**	22,864
Interest payable and similar charges	4	**(11,324)**	(11,420)
Net interest income		**10,602**	11,444
Fees and commissions receivable	5	**31**	26
Fees and commissions payable	6	**(95)**	(66)
Net fee and commission expense		**(64)**	(40)
Other Operating income		**10**	12
Net (loss)/gain from derivatives and hedge accounting	7	**(547)**	67
Investment property – change in fair value	21	**-**	20
Net operating income		**10,001**	11,503
Administrative expenses	8	**(9,247)**	(9,453)
Depreciation, amortisation and (loss)/profit on disposal of fixed asset		**(452)**	(406)
Operating expenses		**(9,699)**	(9,859)
Impairment credit/(charge) on loans and advances to customers	12	**42**	(13)
Provision for other liabilities and charges	27	**(20)**	(20)
Profit before taxation		**324**	1,611
Taxation expense	11	**(101)**	(409)
Profit and total comprehensive income for the year		**223**	1,202

A separate Statement of comprehensive income has not been presented as all comprehensive income has been included above. The accounting policies and notes on pages 48-73 form an integral part of these accounts.

Statement of financial position

As at 31 December 2025

	Notes	2025 £000	2024 £000
Assets			
Cash in hand and balances with the Bank of England		**25,847**	57,496
Loans and advances to credit institutions	13	**4,914**	5,824
Debt securities issued by government	14	**32,339**	22,675
Derivative financial instruments	15	**473**	2,713
Loans and advances to customers:			
Loans fully secured on residential property	16	**360,931**	305,154
Other loans fully secured on land	17	**5,499**	6,202
	18	**366,430**	311,356
Intangible fixed assets	19	**1,965**	853
Property, plant and equipment	20	**3,319**	3,393
Investment properties	21	**145**	145
Prepayments and accrued income		**710**	718
Other debtors		**167**	-
Total Assets		**436,309**	405,173
Liabilities			
Shares	23	**326,831**	290,042
Deposits owed to other customers	24	**54,165**	62,002
Derivative financial instruments	15	**1,581**	521
Other liabilities	25	**623**	2,886
Loans from the Bank of England	26	**3,040**	-
Deferred tax liability	22	**627**	529
Accruals and deferred income		**624**	537
Provisions for liabilities and charges	27	**146**	207
Total Liabilities		**387,637**	356,724
Total equity attributable to Members		**48,672**	48,449
Total equity and liabilities		**436,309**	405,173

The accounts on pages 44-73 were approved by the Board of Directors on 5 March 2026 and signed on its behalf by:



Joanne Evans
Chair



Richard Ingle
Chief Executive



Ash Kassam
Chief Financial Officer

The accounting policies and notes on pages 48-73 form an integral part of these accounts.

Statement of changes in equity

For the year ended 31 December 2025

For the year ended 31 December 2025

	General Reserve £000	Revaluation Reserve £000	Total equity attributable to Members £000
1 January 2025	**47,310**	**1,139**	**48,449**
Profit and total comprehensive income for the year	**223**	**-**	**223**
As at 31 December 2025	**47,533**	**1,139**	**48,672**

For the year ended 31 December 2024

	General Reserve £000	Revaluation Reserve £000	Total equity attributable to Members £000
As at 1 January 2024	46,108	955	47,063
Profit and total comprehensive income for the year	1,202	-	1,202
Revaluation of fixed assets in the year	-	245	245
Deferred tax on revaluation reserve	-	(61)	(61)
As at 31 December 2024	47,310	1,139	48,449

The accounting policies and notes on pages 48-73 form an integral part of these accounts.

Cash flow statement

For the year ended 31 December 2025

	Notes	2025 £000	2024 £000
Profit on ordinary activities before tax		**324**	1,611
Adjusted for:			
Impairment (gain)/loss on loans and advances to customers	12	**(42)**	13
Depreciation and amortisation		**452**	420
Change in value of investment property		**-**	(20)
Loss/(profit) on disposal of fixed assets		**105**	(3)
Cash generated from operations		**839**	2,021
Changes in operating assets and liabilities			
Increase in prepayments and accrued income		**(99)**	(10)
Increase in loans and advances to customers		**(55,032)**	(30,536)
Increase in accruals and deferred income		**87**	135
Net increase in shares		**36,789**	34,593
Change in derivative financial instruments	15	**3,300**	702
Net increase in deposits owed to other customers		**(7,837)**	(264)
Net increase in loans from the Bank of England		**3,040**	-
Net increase in loans and advances to credit institutions		**2,000**	8,000
Net decrease in other liabilities		**(2,218)**	(483)
(Decrease)/Increase in provisions for liabilities and charges	27	**(61)**	14
Taxation paid		**(200)**	(602)
Net cash (outflow)/inflow from operating activities		**(19,392)**	13,570
Purchase of debt securities issued by government		**(9,511)**	(22,577)
Purchase of intangible assets and property, plant and equipment		**(1,594)**	(836)
Proceeds from sale of fixed assets		**-**	15
Net cash outflows from investment activities		**(11,105)**	(23,398)
Net decrease in cash and cash equivalents		**(30,497)**	(9,828)
Cash and cash equivalents at beginning of the year		**61,254**	71,082
Cash and cash equivalents at the end of the year		**30,757**	61,254
Represented by:			
Cash and balances with the Bank of England	31	**25,847**	57,496
Loans and advances to credit institutes repayable on demand	13	**4,910**	3,758
		30,757	61,254

The accounting policies and notes on pages 48-73 form an integral part of these accounts.

Notes to the accounts

For the year ended 31 December 2025

1. Significant accounts policies

The principal accounting policies are summarised below, all accounting policies have been consistently applied throughout the current and preceding years.

General Information and basis of accounting

The registered office of Bath Investment & Building Society ("the Society") is 15 Queen Square, Bath BA1 2HN.
The nature of the Society's operations and its principal activities are set out in the Strategic Report on pages 6-11.

The accounts have been prepared on the going concern basis as outlined in the Directors' Report. The functional currency of Bath Building Society is pounds Sterling.

The accounts have been prepared in accordance with the Building Societies (Accounts and Related Provisions) Regulations 1998.

The accounts have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

Intangible assets – computer software

Website and computer software development costs, installation costs and licence fees are capitalised where the assets created will generate future economic benefits. Where relevant costs are capitalised, they are amortised using the straight-line method over their estimated useful lives which are 2 to 10 years. The amortisation periods are reviewed annually. Costs associated with establishing technical feasibility or to maintain software and existing levels of performance are expensed as they are incurred.

Property, plant and equipment

Property, plant and equipment is stated at cost of valuation, less accumulated depreciation and less any impairment. Additions and subsequent expenditure are included in an asset's carrying value or are recognised as a separate asset only when they improve the expected future economic benefits to be derived from the asset. Land is not depreciated. Depreciation on other assets is provided using the straight-line method to allocate costs, less residual values, over the estimated useful lives as follows:

Freehold premises	1% per annum
Leasehold premises	term of lease
Fixtures and fittings	10% - 25% per annum
Office and computer equipment	14% - 33% per annum
Vehicles	25% per annum

All repairs and maintenance costs are charged to the Income statement in the period in which they are incurred.

Investment properties

Investment properties are held for long-term rental yields and capital appreciation. Investment properties, for which fair values can be measured reliably without undue costs or effort on an ongoing basis, are measured at fair value annually, without any changes being recognised in the Income statement relating to the period in which they arise. Depreciation is not charged on investment properties.

Revaluation of properties

Individual freehold properties that are used in the Society's business are revalued to fair value every three years.

The surplus or deficit on revaluation is transferred to the revaluation reserve, except where a deficit is in excess of any previously recognised surplus over the depreciated cost relating to the same property, or the reversal of such a deficit, when the amount is charged (or credited) to the Income statement.

Measure of financial instruments

The Society has adopted in full Section 11 and 12 of FRS 102 with regards to accounting for financial instruments.

These sections classify financial instruments as being either 'basic financial instruments' or 'other financial instruments'.

Basic financial instruments

This category includes non-derivative financial assets and liabilities. It applies to cash in hand and balances with and loans from the Bank of England, loans and advances to credit institutions, debt securities issued by other borrowers and by government, loans and advances to customers, shares, and deposits owed to other customers. Basic financial instruments are initially recognised at transaction price, including transaction costs. Assets and liabilities are subsequently measured at amortised cost which is the present value of a financial instrument's future cash flows discounted at its effective interest rate. The interest income or expense in a period equals the carrying amount at the beginning of a period multiplied by the effective interest rate.

Financial assets in this category that are measured at cost or amortised cost are assessed annually for evidence of impairment. Impairments are determined using an incurred loss model. For assets measured at amortised cost, an impairment loss is calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate. For assets measured at cost, impairment is calculated as the difference between the carrying amount and the best estimate of the amount that would be received if the asset was sold at the reporting date.

Where the qualifying criteria of FRS 102 are satisfied, the Society applies hedge accounting to those mortgage assets in economic hedging relationships with derivative financial instruments, as described in the 'Hedge accounting' section below.

Other financial instruments

This category covers derivative financial assets and liabilities not subject to hedge accounting treatment. The Society utilises derivative financial instruments to reduce interest rate risk arising from offering fixed rate mortgage products. The Society uses derivative financial instruments for economic hedging purposes only. Derivatives are initially recognised at fair value at the date of inception of the contract.

They are subsequently re-measured at fair value and are carried as assets when their fair values are positive and liabilities when their fair values are negative. Changes in values are reflected in the Income statement under 'Net gain/loss from derivatives and hedge accounting' in the period in which the movement occurs. The initial transaction costs associated with derivatives are taken directly to the Income statement. Fair value is determined in the manner described in Note 30.

Hedge accounting

Hedge accounting is applied when the specific eligibility criteria set out in FRS 102 are fulfilled. The Society designates its derivatives into fair value hedges in order to reduce volatility in the Income statement associated with the difference in the accounting measurement bases for interest rate swap derivatives (the hedging instruments) and fixed rate mortgages (the hedged items) which would otherwise exist.

The Society undertakes individual (known as 'micro') fair value hedge accounting, with interest rate risk being the hedged risk. The Society's fair value hedge relationships involve the designation of a number of fixed rate mortgages into hedge relationships with a single interest rate swap.

The change in fair value of the hedged item that is attributable to the hedged risk is accounted for as an adjustment to the carrying value of loans and advances to customers in the Statement of financial position and is recorded in the Income statement under 'Net gain/loss from derivatives and hedge accounting' in the period in which the movement occurs, thereby substantially offsetting the effect of the related movements in the fair value of the derivative.

Where the hedge no longer meets the criteria for hedge accounting, or is terminated for any other reason, the adjustment to the hedged item is recognised in the Income statement over the remaining period of the hedge relationship.

Impairment loss on loans and advances to customers

The Society assesses at the date of each accounts whether, there is objective evidence that loans and advances to customers are impaired, as a result of one or more events that occurred after initial recognition. Evidence of impairment may include indication that borrowers are experiencing

significant financial difficulties, default or delinquency in interest or principal payments and loans being restructured to reduce the burden on borrowers.

The Society considers a loan to be in default if it is three or more months in arrears or if another event has occurred that means the value of the loan is unlikely to be fully repaid without recourse to collateral. An individual impairment test is undertaken for all loans that are categorised as being in default. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The resultant allowances for impairment have been deducted from the appropriate asset values in the Statement of financial position.

Loans that are not in default are considered for collective impairment. An estimate of the probability of loans moving into default and the likelihood of losses crystallising given default is calculated each year-end. For loans that are not past due, a historical assessment of the probability of loans moving into arrears is considered over an emergence period of 12 months in order to capture loss events that have been incurred at the balance sheet date, but where arrears have not yet been reported.

Taxation

The tax expense represents the sum of current and movements in deferred tax. Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the accounts and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. In contrast, deferred tax assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Both current and deferred tax balances are calculated using tax rates applicable at the date of the accounts.

Pension Costs

The Society operates an externally managed defined contribution personal pension scheme for employees, under which the costs of the Society's contributions are charged to the Income statement in the year which the pensionable salary is earned.

Interest receivable and similar income

The Society uses the Effective Interest Rate (EIR) method to recognise interest receivable from all basic financial instruments including loans and advances to credit institutions, debt securities issued by other borrowers and loans and advances to customers. The net expense on derivative financial instruments is recognised on an accruals basis.

Interest payable and similar charges

The Society uses the EIR method to recognise interest payable from all basic financial instruments including shares and deposits owed to other customers.

Fees and commissions receivable

Fees receivable from the Society's mortgage business that are integral to the yield on mortgage loans are included within interest receivable and are recognised using the asset's EIR at inception. Other mortgage fees receivable are recognised within fees and commissions receivable in the same period as their related expenses, or otherwise they are recognised on a receipts basis.

Fees and commissions payable

Mortgage fees payable that are integral to the yield on the mortgage loans are included within the EIR calculation for revenue recognition. Other Mortgage fees payable are recognised within fees and commissions payable in the same period as any related fee income. Commissions paid to investment introducers are not considered to form part of the effective interest cost of shares and deposits and are therefore included within fees and commissions payable on the accruals basis. Other fees and commissions payable are recognised on an accruals basis.

2. Judgements in applying accounting policies and critical accounting estimates

In preparing the Society's accounts in accordance with FRS 102, it is necessary to make judgments and estimates which affect the reported amounts of assets, liabilities, income and expense. Actual outcomes may differ from those on which the Society's estimates are based.

Estimates and assumptions are frequently re-evaluated and are based on historical experience and other factors. The most significant judgements and sources of estimation uncertainty in applying the Society's accounting policies are set out below. These are not considered critical accounting estimates.

Judgements

Impairment on loans and advances

Where there is objective evidence that a financial asset is impaired, the Society is required under FRS 102 to recognise an impairment loss as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate.

The most significant judgement in determining the level of impairment loss is in relation to one individually material loan asset where there is a substantial record of performance under a forbearance arrangement. The judgement is whether the future cash flows will be received through continued performance under the forbearance arrangement until the end of the loan term, or alternatively through repossession and realisation of the collateral security in a shorter period. Based on the substantial record of performance against the forbearance arrangement the Society's judgement is that assuming continued payment under this arrangement until the end of the loan term is most appropriate.

If the Society were instead to assume that collateral would be repossessed and realised in a twelve month period (in line with its standard assumptions for defaulted loans), loans and advances to customers in the Statement of financial position would be reduced by £85,000 in recognition of the additional impairment allowance, and an additional charge of £85,000 would be recognised for impairment losses on loans and advances to customers in the Income statement.

Estimation uncertainty

Impairment on loans and advances – specific impairment

The Society assesses all lending at loan level to determine whether there is objective evidence of impairment, with any resultant impairment being a specific impairment.

The significant accounting estimates applied in determining expected specific impairment are:

- estimating the future value of collateral security at the point of repossession;
- estimating the reduction in collateral valuation associated with a forced sale and the costs to sell; and
- estimating the time to realisation of the collateral in the event of repossession.

None of these estimates in isolation present a significant risk that would result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year. However, collectively, the level of estimation uncertainty could be significant.

For example, assuming the changes in estimates set out below, loans and advances to customers in the Statement of financial position would be reduced by £413,000 in recognition of the additional impairment, and an additional charge of £413,000 would be recognised for impairment losses on loans and advances to customers in the Income statement.

- An increase in the forced sale discount of 10%
- A reduction in house prices at the time of realisation of collateral of 10%; and
- An increase in the time to realisation of the collateral from one year to two years.

Impairment on loans and advances – collective impairment

In addition to specific impairment, the Society will hold some loans where objective evidence of impairment exists, but where the Society is not yet aware of that evidence (for example where a borrower may have recently lost their job but has not notified the Society or fallen into arrears). The Society estimates the level of impairment necessary to take account of these loans through a collective assessment of the likely exposure based on historical arrears and loss history. This is known as collective impairment.

The collective impairment is calculated as the probability of each borrower progressing to default within the next twelve months multiplied by the estimated loss given default. The probability of default is estimated using historic data about how accounts have progressed through month in arrears bandings in the past. The loss given default is estimated based on the same forced sale and costs to sell assumptions applied for specific impairment purposes.

Estimation uncertainty is present in both the probability of default and the loss given default. If the average probability of default were to be double the actual estimation for each account, loans and advances to customers in the Statement of financial position would be reduced by £119,000 in recognition of the additional impairment, and an additional charge of £119,000 would be recognised for impairment losses on loans and advances to customers in the Income statement.

Similarly, if the average loss given default were to be double the actual estimation for each account, loans and advances to customers in the Statement of financial position would be reduced by £119,000 in recognition of the additional impairment, and an additional charge of £119,000 would be recognised for impairment losses on loans and advances to customers in the Income statement.

Early repayment charges

Under FRS 102 the Society's loans are measured at amortised cost using the effective interest method. One future cash flow which the Society must consider under this method is the receipt of early repayment charges for mortgages which are partially or fully redeemed whilst in their initial product term.

These charges are estimated using two key variables:

- The average behavioural life of a loan; and
- The propensity of a borrower to redeem within the product term.

These variables are estimated in turn based on historic behavioural life and prepayment data, and estimation uncertainty is present for both variables. If the average behavioural life of 3.5 years were extended by a year, loans and advances to customers in the Statement of financial position would be decreased by £119,000 and a reduction in interest revenue of £119,000 would be recognised in the Income statement. If the average propensity to prepay in a year were 1.5 times more, loans and advances to customers in the Statement of financial position would be increased by £176,000 and additional interest revenue of £176,000 would be recognised in the Income statement.

3. Interest receivable and similar income

	2025	2024
	£000	£000
On loans fully secured on residential property	**17,280**	15,519
On other loans fully secured on land	**260**	316
On other liquid assets:		
Interest and similar income	**2,918**	3,429
Net income on derivative financial instruments	**1,468**	3,600
	21,926	22,864

4. Interest payable and similar charges

	2025	2024
	£000	£000
On shares held by individuals	**10,260**	10,100
On deposits owed to other customers	**917**	1,320
On loans from the Bank of England	**147**	-
	11,324	11,420

5. Fees and commissions receivable

	2025 £000	2024 £000
Mortgage related fees	**30**	25
Other fees and commissions	**1**	1
	31	26

6. Fees and commissions payable

	2025 £000	2024 £000
Mortgage related fees	**92**	44
Commission to investment agents and introducers	**3**	4
Other fees and commissions	**-**	18
	95	66

7. Net (loss)/gain from derivatives and hedge accounting

	2025 £000	2024 £000
Loss on derivatives in hedging relationships	**(3,173)**	(549)
Loss on derivatives	**(3,173)**	(549)
Gain on hedged mortgage assets	**2,626**	616
Net (loss)/gain from derivatives and hedge accounting	**(547)**	67

8. Administrative expenses

	2025 £000	2024 £000
Wages and salaries	**4,583**	4,584
Social Security costs	**603**	493
Other pension costs	**345**	336
	5,531	5,413
Other administrative expenses	**3,716**	4,040
Total administrative expenses	**9,247**	9,453

Other administrative expenses include:	2025 £000	2024 £000
Auditors' remuneration:		
For audit of the Society's annual accounts (excl VAT)	**161**	138
Total audit fees	**161**	138
Assurance services other than auditing of the Society's accounts	**-**	3
Total auditors' remuneration	**161**	141
Operating Lease charges:		
Land and buildings	**86**	86

9. Employees

	2025 Number	2024 Number
Full-time	**75**	72
Part-time	**12**	12
Total Society	**87**	**84**

10. Directors' emoluments and transactions with Directors

	2025 £	2024 £
a) Remuneration of Directors		
For Services as Non-Executive Directors	**238,451**	233,950
For Executive services	**472,516**	738,904
	710,967	972,854

Full details are given in the Directors' Remuneration Report on pages 34-35.

b) Transactions with Directors and connected persons

Mortgage Loans

At 31 December 2025 there were no outstanding mortgage loans to a connected entity of a Director (2024: £nil).

The register, required to be maintained under Section 68 of the Building Societies Act 1986 detailing all loans, transactions and arrangements with Directors and their connected persons, is held at the Society's Head Office. It is available for inspection, by Members, in normal office hours by arrangement with the Society's Secretary, during the period of 15 days prior to the Annual General Meeting and at the Annual General Meeting.

Related Party Transactions

Other than described above and disclosed in the Director's Remuneration Report there were no transactions with Directors that constituted related party transactions. The key management of the Society is considered to be the Directors, and therefore no additional disclosures are required.

11. Taxation expense

	2025 £000	2024 £000
Current Tax:		
Corporation tax at 25% (2024: 25%)	**3**	296
Deferred Tax:		
Current year	**98**	113
Tax on profit on ordinary activities	**101**	409
Factors affecting tax charge for the year		
Profit before tax	**324**	1,611
Profit before tax multiplied by effective rate of corporation tax of 25% (2024: 25%)	**81**	403
Effects of:		
Adjustments in respect of prior years	**3**	-
Expenses not deductible for tax purposes	**17**	6
Total tax charge for the year	**101**	409

12. Impairment gain/(loss) on loans and advances to customers

	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
2025			
At 1 January 2025			
Collective impairment	**171**	**-**	**171**
Individual impairment	**535**	**-**	**535**
	706	**-**	**706**
Income statement (gain)/loss for the year			
Collective impairment	**(52)**	**-**	**(52)**
Individual impairment	**10**	**-**	**10**
	(42)	**-**	**(42)**
Amount utilised during the year			
Collective impairment	**-**	**-**	**-**
Individual impairment	**-**	**-**	**-**
	-	**-**	**-**
At 31 December 2025			
Collective impairment	**119**	**-**	**119**
Individual impairment	**545**	**-**	**545**
	664	**-**	**664**

In 2025 there was no individual impairment charge recognised in respect of newly impaired loans. However, there was an individual impairment charge of £21,000 in relation to two loans provided for in the prior year. This impairment charge was offset by the release of £11,000 in respect of one loan which had been provided for in the prior year. The net charge for the year was £10,000 (2024: £22,000) and the individual impairment was £546,000 (2024: £535,000).

The Society has considered whether the recent fire safety concerns in respect of certain external cladding systems on high rise buildings has caused the impairment of any mortgage loans. Whilst the Society is not aware of any specific impairment caused by cladding issues, it has made allowance within its collective impairment for a higher probability of default and a lower recovery given default for properties pre 2022 which could potentially be impacted by cladding systems which do not meet current requirements.

12. Impairment gain/(loss) on loans and advances to customers (continued)

	Loans fully secured on residential property £000	Loans fully secured on land £000	Total £000
2024			
At 1 January 2024			
Collective impairment	180	-	180
Individual impairment	513	-	513
	693	-	693
Income statement (gain)/loss for the year			
Collective impairment	(9)	-	(9)
Individual impairment	22	-	22
	13	-	13
Amount utilised during the year			
Collective impairment	-	-	-
Individual impairment	-	-	-
	-	-	-
At 31 December 2024			
Collective impairment	171	-	171
Individual impairment	535	-	535
	706	-	706

In 2024 there was an individual impairment charge of £58,000 which included provisions against two new loans. This was offset by the release of £36,000 in respect of two loans which had been provided for in a prior year. The individual charge for the year was £22,000 (2023: £53,000) and the individual impairment was £535,000 (2023: £513,000).

13. Loans and advances to credit institutions

Repayable from the date of the Statement of financial position in the ordinary course of business:	**2025 £000**	2024 £000
Accrued interest	**4**	66
Repayable on demand	**4,910**	3,758
Repayable in more than three months and less than one year	**-**	2,000
	4,914	5,824

The International Swaps and Derivatives Association (ISDA) Master Agreement is the Society's preferred agreement for entering into derivative activity. For certain counterparties a Credit Support Annex (CSA) has been executed in conjunction with the ISDA Master Agreement. Under a CSA, cash collateral is passed between counterparties to mitigate the market contingent counterparty risk inherent in the outstanding positions. As at 31 December 2025 £1,010,000 had been paid (2024: £2,328,000 received). This amount is showing within loans and advances to credit institutions (2024: £2,238,000 received shown in Other Liabilities in note 25).

14. Debt securities issued by government

	2025	2024
	£000	£000
Issued by the UK Government	**32,339**	22,675
	32,339	22,675

Repayable from the date of the Statement of financial position in the ordinary course of business:	2025	2024
	£000	£000
Accrued interest	**251**	97
Repayable within three months	**-**	2,984
Repayable in more than three months and less than one year	**15,994**	12,814
Repayable in more than one year and less than five years	**16,094**	6,780
	32,339	22,675

15. Derivative financial instruments

Interest rate swaps are used by the Society for hedging interest rate risk that is associated with fixed rate mortgage products. These are commitments to exchange one set of cash flows for another. No exchange of principal takes place.

	Notional Amount	Notional Amount	Fair Value	Fair Value
	2025	2024	2025	2024
	£000	£000	£000	£000
Derivative assets:				
Interest rate swaps	**32,927**	110,367	**473**	2,713
Total recognised derivative assets	**32,927**	110,367	**473**	2,713
Derivative liabilities:				
Interest rate swaps	**121,245**	52,392	**(1,581)**	(521)
Total recognised derivative liabilities	**121,245**	52,392	**(1,581)**	(521)

In 2025 there was an overall net liability from derivative financial instruments of £1,108,000 (2024: net asset of £2,192,000).

16. Loans fully secured on residential property

	2025	2024
	£000	£000
Gross balances	**359,500**	306,767
Allowance for impairment	**(664)**	(706)
Unamortised loan origination fees	**1,259**	883
Fair value hedge accounting adjustment	**836**	(1,790)
	360,931	305,154

17. Other loans fully secured on land

	2025	2024
	£000	£000
Gross balances	**5,499**	6,202
	5,499	6,202

18. Loans and advances to customers

The remaining contractual maturity of loans and advances secured on residential property and other loans fully secured on land from the date of the Statement of financial position is as follows:

	2025	2024
	£000	£000
On call and at short notice	**2,560**	2,385
In not more than three months	**66**	519
In more than three months but not more than one year	**1,715**	2,237
In more than one year but not more than five years	**31,705**	28,246
In more than five years	**328,953**	279,581
	364,999	312,968
Allowances for impairment (see note 12)	**(664)**	(706)
Unamortised loan origination fees	**1,259**	883
Fair value hedge accounting adjustment	**836**	(1,790)
	366,430	311,356

The above table may not reflect actual experience of repayments since many mortgage loans are repaid early.

19. Intangible fixed assets

Computer	Computer software £000	Work in Progress £000	Total £000
At cost			
At 1 January 2025	**1,682**	**175**	**1,857**
Additions	**56**	**1,491**	**1,547**
Disposals	**(102)**	**(24)**	**(126)**
Reclassifications	**137**	**(137)**	**-**
At 31 December 2025	**1,773**	**1,505**	**3,278**
Accumulated amortisation			
At 1 January 2025	**1,004**	**-**	**1,004**
Charge	**332**	**-**	**332**
Disposals	**(23)**	**-**	**(23)**
At 31 December 2025	**1,313**	**-**	**1,313**
Net book value			
At 31 December 2025	**460**	**1,505**	**1,965**
At 31 December 2024	**678**	**175**	**853**

Computer software includes website and software development costs, implementation costs and licences.

Computer	Computer software £000	Work in Progress £000	Total £000
At cost			
At 1 January 2024	1,252	-	1,252
Additions	129	488	617
Disposals	-	(12)	(12)
Reclassifications	301	(301)	-
At 31 December 2024	1,682	175	1,857
Accumulated amortisation			
At 1 January 2024	706	-	706
Charge	298	-	298
At 31 December 2024	1,004	-	1,004
Net book value			
At 31 December 2024	678	175	853
At 31 December 2023	546	-	546

20. Property, plant and equipment

	Land and buildings			
	Freehold premises £000	Leasehold premises (short) £000	Equipment, fixtures and fittings and vehicles £000	Total £000
At cost or valuation				
At 1 January 2025	**3,135**	**64**	**645**	**3,844**
Additions	**-**	**-**	**47**	**47**
Disposals	**-**	**-**	**(10)**	**(10)**
At 31 December 2025	**3,135**	**64**	**682**	**3,881**
Accumulated depreciation				
At 1 January 2025	**-**	**64**	**387**	**451**
Charge	**21**	**-**	**98**	**119**
Disposals	**-**	**-**	**(8)**	**(8)**
At 31 December 2025	**21**	**64**	**477**	**562**
Net Book value				
At 31 December 2025	**3,114**	**-**	**205**	**3,319**
At 31 December 2024	**3,135**	**-**	**258**	**3,393**

	Land and buildings				
	Freehold premises £000	Leasehold premises (short) £000	Equipment, fixtures and fittings and vehicles £000	Work in Progress £000	Total £000
At cost or valuation					
At 1 January 2024	2,950	64	480	-	3,494
Revaluations	185	-	-	-	185
Additions	-	-	41	179	220
Disposals	-	-	(55)	-	(55)
Reclassifications	-	-	179	(179)	-
At 31 December 2024	3,135	64	645	-	3,844
Accumulated depreciation					
At 1 January 2024	40	64	338	-	442
Charge	20	-	102	-	122
Revaluation	(60)	-	-	-	(60)
Disposals	-	-	(53)	-	(53)
At 31 December 2024	-	64	387	-	451
Net book value					
At 31 December 2024	3,135	-	258	-	3,393
At 31 December 2023	2,910	-	142	-	3,052

21. Investment properties

	2025 £000	2024 £000
At 1 January	**145**	125
Fair value adjustment	**-**	20
At 31 December	**145**	**145**

The investment property is a surplus ground floor commercial premises that is no longer used in the Society's business. The investment property is located in the City of Bath. An estimate of the market value is obtained annually from an external qualified independent valuer.

The total future minimum lease payments receivable under non-cancellable operating leases relating to investment properties are as set out below.

	2025 £000	2024 £000
Within 1 year	**10**	10
Between 1 and 5 years	**-**	10
At 31 December	**10**	**20**

22. Deferred taxation

	2025 £000	2024 £000
Deferred tax liability at 1 January	**(529)**	(355)
Adjustments in respect of prior years	-	-
Charge to profit and loss account	**(98)**	(113)
Charge to revaluation reserve	**-**	(61)
Deferred tax liability at 31 December	**(627)**	(529)
The elements of deferred taxation are as follows:		
Losses	**180**	-
Fixed asset timing differences	**(851)**	(588)
Short-term timing differences	**44**	59
Deferred tax liability	**(627)**	(529)

23. Shares

All shares relate to savings balances held by individuals. In the ordinary course of business, the repayment of share balances from the date of the Statement of financial position is as follows:

	2025 £000	2024 £000
Accrued interest	**531**	780
Repayable on demand	**226,782**	232,359
In more than 3 months	**6,657**	7,025
In more than 3 months but not more than 1 year	**61,265**	20,814
In more than one year	**31,596**	29,064
	326,831	290,042

24. Deposits owned to other customers

Deposits are non-personal savings balances. In the ordinary course of business, deposits owed are repayable from the date of the Statement of financial position as follows:

	2025 £000	2024 £000
Accrued interest	**19**	9
Repayable on demand	**51,268**	60,596
In not more than 3 months	**468**	317
In more than 3 months but not more and 1 year	**2,410**	1,080
	54,165	62,002

25. Other liabilities

	2025 £000	2024 £000
Amounts falling due within 1 year:		
Corporation tax	**-**	45
Other taxation and social security	**145**	131
Other creditors	**478**	382
Credit Support Annex (CSA) liability	**-**	2,328
	623	2,886

26. Loans from the Bank of England

	2025 £000	2024 £000
Amounts falling due within 3 months:		
Indexed Long Term Repo Facility	**3,040**	-
	3,040	-

During the year, the Society borrowed £8,000,000 from the Bank of England under the Indexed Long Term Repo Facility (ILTR). The first £5,000,000 borrowed was repaid in November 2025 at the end of the six months contractual term. The remaining £3,000,000 balance, plus accrued interest, is due for repayment in March 2026.

27. Provisions for liabilities and charges

	2025 Provision for dilapidations £000	2024 Provision for dilapidations £000
At 1 January	**207**	193
Charge for the year	**20**	20
Paid in the year	**(81)**	(6)
At 31 December	**146**	207

The £20,000 (2024: £20,000) charge for dilapidations relates to the Society's leased business premises at Wood Street, Bath. This provision is expected to be utilised if the Society exits these premises. There was £81,000 (2024: £6,000) incurred during the year in respect of repairs to these premises.

28. Commitments

a) At 31 December 2025 the total of future minimum lease payments under non-cancellable operating leases were as set out below.

	2025 Property £000	2024 Property £000
Society commitments		
Within 1 year	**86**	86
Between 1 and 5 years	**344**	344
After 5 years	**-**	74
	430	504

As at 31 December 2025 the Society had approximately five years of commitments remaining relating to a full repairing lease over its Branch premises at 3 Wood Street, Bath.

b) The Society offers certain mortgage products which allow borrowers to receive the contractual advance over a period of time. The amount in respect of completed advances which have not yet been received by borrowers as at 31 December 2025 are £9,600,000 (2024: £11,049,000).

29. Pension schemes

During the year ended 31 December 2025 the Society operated a defined contribution personal pension scheme in respect of staff, and the charge for the year was £345,000 (2024: £336,000). As at 31 December 2025 there were outstanding contributions from the Society of £30,000 (2024: £28,000).

30. Financial Instruments

a) Categories of financial instruments

Financial assets and liabilities are measured on an ongoing basis either at fair value or at amortised cost.

The accounting policies note describes how the classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following tables analyse the financial assets and liabilities in the statement of financial position by the class of financial instrument to which they are assigned and by the measurement basis.

30. Financial Instruments (continued)

As at 31 December 2025	At amortised cost £000	Fair value through profit and loss £000	Total £000
Society assets			
Cash in hand and balances with the Bank of England	**25,847**	**-**	**25,847**
Loans and advances to credit institutions	**4,914**	**-**	**4,914**
Debt securities	**32,339**	**-**	**32,339**
Derivative financial instruments	**-**	**473**	**473**
Loans and advances to customers	**366,430**	**-**	**366,430**
Total financial assets	**429,530**	**473**	**430,003**
Total non-financial assets			**6,139**
Total Society assets			**436,142**
Society liabilities			
Shares	**326,831**	**-**	**326,831**
Deposits owed to other customers	**54,165**	**-**	**54,165**
Loans from the Bank of England	**3,040**	**-**	**3,040**
Derivative financial instruments	**-**	**1,581**	**1,581**
Total financial liabilities	**384,036**	**1,581**	**385,617**
Total non-financial liabilities			**1,845**
General reserve and other reserves			**48,680**
Total reserves and liabilities			**436,142**

As at 31 December 2024	At amortised cost £000	Fair value through profit and loss £000	Total £000
Society assets			
Cash in hand and balances with the Bank of England	57,496	-	57,496
Loans and advances to credit institutions	5,824	-	5,824
Debt securities	22,675	-	22,675
Derivative financial instruments	-	2,713	2,713
Loans and advances to customers	311,356	-	311,356
Total financial assets	397,351	2,713	400,064
Total non-financial assets			5,109
Total Society assets			405,173
Society liabilities			
Shares	290,042	-	290,042
Deposits owed to other customers	62,002	-	62,002
Derivative financial instruments	-	521	521
Total financial liabilities	352,044	521	352,565
Total non-financial liabilities			4,159
General reserve and other reserves			48,449
Total reserves and liabilities			405,173

30. Financial Instruments (continued)

b) Carrying values and fair values

The table below compares carrying values and fair values of the Society's financial instruments by category. It is accompanied by an explanation of the methods used to determine fair value.

	Note	**2025 Carrying value £000**	**2025 Fair value £000**	2024 Carrying value £000	2024 Fair value £000
Society Assets					
Cash in hand and balances with the Bank of England	i.	**25,847**	**25,847**	57,496	57,496
Loans and advances to credit institutions	i.	**4,914**	**4,914**	5,824	5,824
Debt securities	i.	**32,339**	**32,339**	22,675	22,675
Derivative financial instruments – interest rate swaps	ii.	**473**	**473**	2,713	2,713
Loans and advances to customers	iii.	**366,430**	**369,695**	311,356	311,079[1]
		430,003	**433,268**	400,064	399,787
Society liabilities					
Shares	iv.	**326,831**	**326,730**	290,042	289,907
Deposits owed to other customers	iv.	**54,165**	**54,202**	62,002	62,021
Loans from the Bank of England	v.	**3,040**	**3,040**	-	-
Derivative financial instruments – interest rate swaps	ii.	**1,581**	**1,581**	521	521
		385,617	**385,553**	352,565	352,449

[1] This number has been restated as the £311,633,000 included last year was misstated.

Fair value is the amount for which as asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The following methods and assumptions have been applied in determining fair value.

i. The carrying amount of cash in hand, balances with the Bank of England and loans and advances to credit institutions with a maturity of under 12 months is assumed to equate to their fair value.

ii. All derivatives are held for economic hedging purposes. The fair value of interest rate swaps is calculated by utilising discounted cash flow valuation models.

iii. The fair value of loans and advances to customers is assumed to approximate to the discounted amount of future cash flows that are expected to be received after taking account of provisions for expected future impairments, expected levels of early repayment and discounting at current market rates.

iv. The fair value of customer share and deposit accounts are assumed to equate to the amount payable at the date of the Statement of financial position.

v. The fair value of the loans from the Bank of England are assumed to equate to the principal amount, plus the accrued interest.

30. Financial Instruments (continued)

c) Credit risk on loans and advances to customers

The classes of financial instruments to which the Society is most exposed to credit risk are loans and advances to customers, loans and advances to credit institutions, debt securities and financial derivatives. Credit risk relating to retail mortgages and commercial mortgages is described in this section. Credit risk relating to treasury financial instruments is described in section d) below.

Credit Risk Management

Experienced credit and risk functions operate within the Society and are driven by both the recognised need to manage the potential and actual risk but also by the need to continually develop new processes to ensure sound decisions are made in the future. In this way, any variations in risk from market, economic or competitive changes are identified, and the appropriate controls are developed and put in place.

Comprehensive management information on movements and performance within the various loan portfolios ensures that credit risk is effectively controlled, and any adverse trends are identified before they impact on performance. Society performance is also measured against the industry where appropriate to identify where debt default levels are out of line with that of the industry average. The management information is distributed across the Society and monitored within tight boundaries at Board and Board sub-committees.

The exposure to retail credit risk relating to loans and advances to customers comprises the following:

	2025 £000	**2025 %**	2024 £000	2024 %
Retail mortgages	**311,595**	**85.4**	272,819	87.2
Commercial mortgages	**53,405**	**14.6**	40,150	12.8
Total gross exposure (contractual amounts)	**365,000**	**100.0**	312,969	100.0
Impairment, fair value and EIR adjustments	**1,431**		(1,613)	
Total net exposure	**366,431**		311,356	

i) Retail Mortgages

Retail mortgages are defined by the Society as being loans made to private individuals that are secured against properties that are not used for commercial purposes. The retail mortgage balance shown above of £311,595,000 (2024: £272,819,000) consists of loans fully secured on residential property (FSRP).

The Society is firmly committed to the management of credit risk at all stages of the lending cycle. The Society closely monitors customer loan affordability and Loan to Value (LTV) multiples at the application stage. It employs appropriate underwriting and fraud detection techniques to minimise losses once loans have been approved, and it also takes a proactive approach to the control of loan impairment, which is managed by individuals with experience and skills appropriate to the collections and recovery process.

30. Financial Instruments (continued)

Risk concentrations: retail mortgage balances

The Society provides retail mortgages secured on residential property across England, Wales and Scotland and the Society, as a local building society, has a geographical concentration in the South West of England. As at 31 December 2025 approximately 32% (2024: 35%) of first charge retail loans by accounts and 30% (2024: 33%) by value were concentrated in the South West.

LTV distribution: retail mortgage balances

LTV is one of the main factors used to determine the credit quality of retail loans secured on residential property. Index linked LTV banding is shown below:

	2025	2024
	%	%
Less than 70%	**68.9**	74.0
More than 70% but less than 80%	**17.9**	15.7
More than 80% but less than 90%	**6.4**	4.7
More than 90% but less than 100%	**5.8**	5.0
More than 100%	**1.0**	0.6
	100.0	100.0

The overall indexed LTV of the retail mortgage portfolio is 43.4% (2024: 42.6%). In general, the lower the LTV percentage the greater the borrower's equity within the property and the lower the losses expected to be realised in the event of default or repossession.

Payment due status of retail mortgages balances

This table below provides further information on the Society's loans and advances to customers secured by way of retail mortgages on residential property. The balances exclude fair value adjustments and impairment allowances.

	2025	**2025**	2024	2024
	£000	**%**	£000	%
Current	**306,971**	**98.5**	268,346	98.3
Past due up to 3 months	**3,161**	**1.0**	3,017	1.1
Past due 3 to 6 months	**315**	**0.1**	592	0.2
Past due 6 to 12 months	**445**	**0.2**	446	0.2
Past due over 12 months	**703**	**0.2**	418	0.2
	311,595	**100.0**	272,819	100.0

30. Financial Instruments (continued)

Fair value of collateral held for retail mortgages

The Society holds collateral against loans and advances to retail customers in the form of mortgage interests over property. Collateral values are updated at the date of each Statement of financial position based on data from the quarterly Nationwide price index.

As at 31 December 2025 the total collateral held against retail lending secured against residential property was estimated to be £718.7m (2024: £640.2m). Any collateral surplus on the sale of repossessed properties, after a deduction for costs incurred in relations to the sale, is returned to the borrower.

Allowances for impairment are held against loans and advances to customers in line with the accounting policy which is outlined in Note 1. Allowances for impairment of retail mortgage loans are as follows:

	2025	2024
	£000	£000
Individual impairment	**546**	535
Collective impairment	**119**	171
	665	706

Forbearance strategies on retail loans

The Society uses forbearance techniques to help some retail borrowers through periods where their finances have become stressed and where the servicing of their normal mortgage commitments has become difficult. The arrears management section of the society's Mortgage Operations team maintains forbearance information which is reported regularly to the Society's Credit Committee.

As at 31 December 2025, 13 (2024: 11) retail accounts with balances totalling £2,802,000 (2024: £2,259,000) were in forbearance arrangements with the Society. The Society takes full consideration of the impact on its arrears position from using these forbearance techniques and the potential for losses on their retail accounts is assessed and considered in setting the level of allowances for impairment held against the retail mortgage portfolio.

ii) Commercial mortgages

Commercial mortgages are defined by the Society as being loans made to either limited companies or to private individuals that are secured against properties that are primarily used for the purposes of running businesses. The commercial mortgage balance of £53,405,000 (2024: £40,150,000) consists of total loans fully secured on land (FSOL) of £5,499,000 (2024: £6,202,000) plus £47,906,000 (2024: £33,948,000) of loans fully secured on residential property (FSRP).

Commercial lending activity is split between lending to businesses investing in residential property and lending to businesses investing in commercial property.

30. Financial Instruments (continued)

Risk concentrations: commercial lending

The Society's commercial loan portfolio on a gross basis comprises the following:

	2025 £000	**2025 %**	2024 £000	2024 %
Loans secured on residential property	**47,906**	**89.7**	33,948	84.6
Loans secured on commercial property	**5,499**	**10.3**	6,202	15.4
	53,405	**100.0**	40,150	100.0

Loans secured on commercial property are well diversified by industry type and counterparty. An analysis of commercial property loans by industry is provided below:

	2025 £000	**2025 %**	2024 £000	2024 %
Office	**783**	**14.2**	784	12.6
Retail	**853**	**15.5**	865	13.9
Industrial	**1,072**	**19.5**	1,117	18.0
Leisure	**1,640**	**29.8**	1,759	28.4
Land	**459**	**8.4**	650	10.5
Other	**692**	**12.6**	1,027	16.6
	5,499	**100.0**	6,202	100.0

The Society provides loans secured on commercial property across England, Wales and Scotland and the Society, as a local building society, has a geographic concentration in the South West. An analysis of loans secured on commercial property by geographic location is provided below:

	2025 £000	**2025 %**	2024 £000	2024 %
South West	**16,641**	**31.2**	14,128	35.2
Greater London	**11,029**	**20.6**	10,183	25.4
North	**5,883**	**11.0**	3,233	8.0
Midlands	**4,466**	**8.4**	3,339	8.3
East	**3,388**	**6.3**	2,016	5.0
South East	**6,261**	**11.7**	3,369	8.4
Scotland	**4,418**	**8.3**	2,654	6.6
Wales	**1,319**	**2.5**	1,228	3.1
	53,405	**100.0**	40,150	100.0

30. Financial Instruments (continued)

LTV distribution: commercial lending

Estimates of current property values are used to calculate LTV. These are derived from recent external valuations or are estimated by applying quarterly Nationwide price indices to previously recorded external valuations. The overall LTV of the Society's commercial portfolio is 51.9% (2024: 46.8%). Index linked LTV banding is shown below:

	2025	2024
	£000	£000
Less than 70%	**70.2**	76.4
More than 70% but less than 80%	**29.0**	21.3
More than 80% but less than 90%	**0.8**	2.3
	100.0	100.0

As at 31 December 2025, the largest exposure to a single commercial counterparty was £1.04m (2024: £1.04m) or 1.9% (2024: 2.6%) of gross commercial balances.

Payments due status: commercial lending

The table below provides further information on the Society's commercial loans and advances by payment due status as at 31 December 2025. The balances exclude fair value adjustments and impairment allowances.

	2025	**2025**	2024	2024
	£000	**%**	£000	%
Current	**52,907**	**99.1**	39,704	98.9
Past due up to 3 months	**498**	**0.9**	446	1.1
	53,405	**100.03**	40,150	100.0

Fair value of collateral held: commercial lending

The Society holds collateral against loans and advances to commercial customers in the form of mortgage interests over property. The current value of collateral is estimated based on the latest professional valuation adjusted for subsequent property price movements using the quarterly Nationwide price index.

As at 31 December 2025 the total collateral held against lending secured against commercial property was estimated to be £104.1m (2024: £85.9m).

As at 31 December 2025 no commercial properties were in possession and hence no collateral was held against cases in possession (2024: £nil). Properties that are repossessed are made available for sale in accordance with statutory guidelines with proceeds used to reduce or repay outstanding loans. When repossessed properties are disposed of, the Society has a statutory duty to obtain the best reasonable prices and to sell properties as soon as it reasonably can.

Allowances for impairment are held against loans and advances to customers in line with the accounting policy which is outlined in Note 1. There are no allowances for specific impairment of commercial mortgage loans in 2025 (2024: nil).

30. Financial Instruments (continued)

Forbearance strategies on commercial loans

See the note on the Society's general forbearance strategy on pages 51-52.

As at 31 December 2025, no commercial accounts were in a forbearance concession (2024: £356,312). The Society takes full consideration of the impact on its arrears position, and hence the impact on its allowances for impairment, from the use of forbearance techniques.

d) Credit risk on treasury financial instruments

The classes of financial instruments to which the Society is most exposed to treasury credit risk are loans and advances to credit institutions, debt securities and financial derivatives. For financial assets recognised in the statement of financial position, the exposure to credit risk equals their carrying amount. The following table shows the Society's estimated maximum exposure to credit risk without taking into account any collateral held or other credit enhancements.

	2025	2024
	£000	£000
UK government securities and amounts held with central banks	**58,040**	80,065
UK financial institutions	**4,914**	5,824
	62,954	85,889

None of the above exposures were either past due or impaired and there were no assets that would otherwise be past due or impaired whose terms have been renegotiated.

Collateral is not held over loans and advances to credit institutions and debt securities. As at 31 December 2025, collateral of £1,010,000 (2024: £2,320,000) had been received by other financial institutions to mitigate the risk inherent in amounts due to/from the Society relating to derivative financial instruments.

The table below shows treasury exposures categorised by Fitch ratings:

	2025	2024
	£000	£000
AAA to AA-	**58,040**	80,065
A+ to A-	**4,914**	3,759
BBB+ to BBB-	**-**	-
Unrated	**-**	2,065
	62,954	85,889

The geographical distribution of treasury exposures is as follows:

	2025	2024
	£000	£000
UK	**62,954**	85,889
	62,954	85,889

30. Financial Instruments (continued)

The Society's treasury risk function monitors exposure concentrations against a variety of criteria including counterparty and country limits. With the exception of instant access treasury deposits with both the Bank of England and the primary UK based clearing banks, no material concentrations of treasury investments exist.

e) Liquidity risk

The following tables analyse the gross contractual principal cash flows payable under financial liabilities. These balances do not agree directly to the balances in the statements of financial position as the tables incorporate only principal amounts and do not reflect accrued interest or fair value adjustments.

31 December 2025	**Repayable on demand £000**	**Less than 3 months £000**	**3 months to 6 months £000**	**6 months to 12 months £000**	**1 to 5 years £000**	**Greater than 5 years £000**	**Total £000**
Society non derivative liabilities							
Shares	**226,782**	**6,657**	**19,748**	**41,517**	**31,596**	**-**	**326,300**
Deposit owed to other customers	**51,268**	**468**	**1,007**	**1,403**	**-**	**-**	**54,146**
Loans from Bank of England	**-**	**3,000**	**-**	**-**	**-**	**-**	**3,000**
	278,050	**10,125**	**20,755**	**42,920**	**31,596**	**-**	**383,446**
Society derivative liabilities							
Interest rate swaps	**-**	**6**	**5**	**26**	**1,507**	**6**	**1,550**
	-	**6**	**5**	**26**	**1,507**	**6**	**1,550**

31 December 2024	Repayable on demand £000	Less than 3 months £000	3 months to 6 months £000	6 months to 12 months £000	1 to 5 years £000	Greater than 5 years £000	Total £000
Society non derivative liabilities							
Shares	232,359	7,025	8,076	12,738	29,064	-	289,262
Deposit owed to other customers	60,596	317	179	901	-	-	61,993
	292,955	7,342	8,255	13,639	29,064	-	351,255
Society derivative liabilities							
Interest rate swaps	-	-	-	22	506	4	532
	-	-	-	22	506	4	532

Annual commitments under non-cancellable operating leases are outlined in Note 28.

30. Financial Instruments (continued)

f) Interest rate risk

Interest rate risk refers to the sensitivity of net interest income to the periodic re-pricing of assets and liabilities and the imperfect correlation caused by basis risk. Interest rate risks generated by these activities are offset against each other, and the remaining net exposure to interest rate risk is managed on a continuous basis, within parameters set by Risk Committee, using a combination of derivatives and cash instruments (such as savings and deposits).

The Society's exposure to interest rate risk in terms of the net risk after taking account of management's action to hedge inherent exposures is measured using interest rate gap analysis. In this method each of the Society's financial instruments including assets and liabilities, on and off the statement of financial position, is assigned to future time periods on the basis of their contractual maturity or contractual re-pricing arrangements. In calculating the net exposure for each future period, account is also taken of those assets and liabilities with embedded optionality, such as pipeline and prepayment risk on fixed rate mortgages. As at 31 December 2025, if there was a 2% parallel downward shift in interest rates the adverse impact on reserves would be £631,000 (2024: £456,000 adverse impact on reserves).

g) Financial assets used as collateral	**2025**	2024
	£000	£000
Loans and advances to customers – pledged as collateral (encumbered)	**57,254**	-
Loans and advances to customers – pre-positioned (unencumbered)	**-**	73,007
	57,254	73,007

At 31 December 2025, £57,254,000 of mortgage loans were encumbered as collateral against Bank of England drawings under ILTR (2024: nil). At 31 December 2024, mortgage loans of £73,007,000 were pre-positioned with the Bank of England, but were not pledged and remained unencumbered.

h) Capital

Certain required disclosures for capital have been included in the sections marked as ('Audited') in the Strategic Report on page 6 of the Annual Report and Accounts.

31. Post balance sheet events

The Directors consider that no events have occurred since the year end, to the date of the Annual Report and Accounts, that are likely to have a material effect on the financial position of the Society.

Annual Business Statement

For the year ended 31 December 2025

1. Statutory percentages

	2025 %	Statutory Limit %
Lending Ratio	**1.9**	25.0
Funding Ratio	**14.2**	50.0

The above percentages have been calculated in accordance with the provisions of the Building Societies Act 1986.

The Lending Limit measures the proportion of the business assets not in the form of loans fully secured on residential property and is calculated as (X-Y)X where:

X = business assets, being the total assets of the Society, plus allowances for impairment of loans and advances, less liquid assets and tangible fixed assets as shown in the Society Balance Sheet.

Y = the principal of, and the interest accrued on, loans owed to the Society, as shown in the Society Balance Sheet, gross of allowances for impairment, which are fully secured on residential property.

The Funding Limit measures the proportion of shares and borrowings not in the form of shares held by individuals and is calculated as (X-Y)/X where:

X = shares and borrowings, being the aggregate of

1. The principal value of, and interest accrued on, shares in the Society; and
2. The principal of, and interest accrued on, sums deposited with the Society; and
3. The principal value of, and interest accrued under, instruments or agreements creating or acknowledging indebtedness and accepted, made, issued or entered into by the Society or any such undertaking less any amounts qualifying as own funds.

Y = the principal value of, and interest accrued on, shares in the Society held by individuals otherwise than as bare trustees for bodies corporate or for persons who include bodies corporate.

The statutory limits are as laid down under the Building Societies Act 1986 and ensure that the principal of a building society is that of making loans which are secured on residential property and are funded substantially by its Members.

2. Other percentages

	2025 %	2024 %
As percentage of shares and borrowings:		
Gross capital	**12.8**	13.8
Free capital	**11.4**	12.8
Liquid assets	**16.6**	24.4
Profit for the year as a percentage of mean total assets	**0.05**	0.31
Management expenses as a percentage of mean total assets:	**2.31**	2.54

The above percentages have been prepared from the Society accounts and in particular:

- 'Shares and borrowings' represent the total of shares and amounts owed to other customers.
- 'Gross capital' represents the aggregate of general reserves and revaluation reserve.
- 'Free capital' represents the aggregate of gross capital and the collective allowance for impairment of loans and advances less intangible fixed assets.
- 'Liquid assets' represents the total of cash in hand, loans and advances to credit institutions and debt securities issued by other borrowers as shown in the balance sheet.
- 'Mean total assets' represent the aggregate of administrative expenses, depreciation and amortisation and exclude the Levy to the Financial Services Compensation Scheme.

3. Directors and Officers

The Directors and Officers of the Society at 31 December 2025 together with their further particulars were as follows:

Name	Occupation	Appointment	Other Directorships
Richard Ingle	Chief Executive	August 2022	• County of Gloucestershire Community Foundation • Bath Business Improvement District
Ash Kassam	Chief Finance Officer	June 2024	• The Spinney 1998 Ltd • KAMB Ltd
Andrew Payton	Non-Executive Director	January 2024	• Cirencester Friendly Society Ltd
Andrew Healy	Non-Executive Director	April 2025	• Medicash Health Benefits Ltd • Medicash Health Benefits (Services) Ltd • 365 Technical Consultancy Services Ltd • Scot Healthcare • One Derby Square Ltd • Health @ Work Consultancy Services Ltd • Sheffield Mutual Friendly Society Ltd
Fionnuala Earley	Non-Executive Director	January 2018	
Joanne Evans	Non-Executive Director	January 2021	• Maplejak Investment Ltd • Pondfield Ltd • Mobius Life Ltd • Mobius Life Group Ltd • Mobius Life Administration Services Ltd
Kevin Hayes	Non-Executive Director	January 2022	• Interbridge Mortgages Ltd • Interbridge Mortgage Holdings Ltd • Equiniti Financial Services Ltd
Sameer Rahman	Non-Executive Director	May 2022	• Millennium Stadium Plc • Datamonet • Football Association of Wales • Glamorgan Cricket Club

Documents may be served on the above-named Directors c/o The Society Secretary, Bath Building Society, 15 Queen Square, Bath BA1 2HN.

Details of Directors' service contracts are shown in the Directors' Remuneration Report.

Other Officers

Name	Business Occupation
Craig Brown	Chief Mortgage Officer
Emma Davis	Chief Customer Officer
Foteini Leventi	Chief People Officer
Peter Dossett	Chief Risk Officer
Steve Burnard	Chief Digital Officer

Your Local Society

Registered name and office

Bath Building Society
15 Queen Square, Bath BA1 2HN
Telephone: 01225 423271

Registered no: 30B

Branch offices

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We're different because you are

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01225 423271

Email
savings@bibs.co.uk

Mortgage enquiries

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mortgages@bibs.co.uk

Telephone calls may be recorded to help the Society to maintain high standards of service delivery.

Bath Investment & Building Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority, Registration Number 206026.

Bath Building Society