

Summary Financial Statements 2025

Including Notice of Annual General Meeting

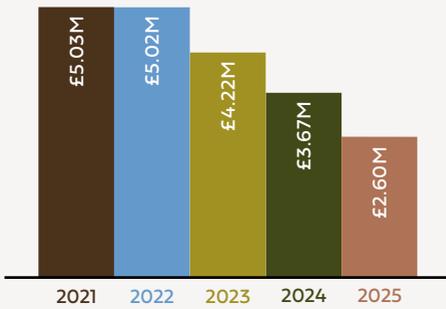
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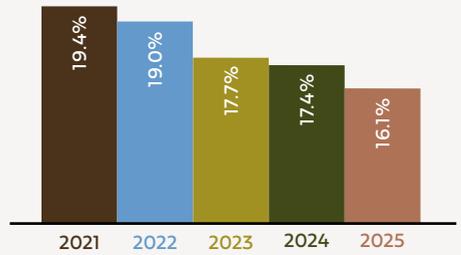
Performance Summary

Financial Strength

Profit before tax

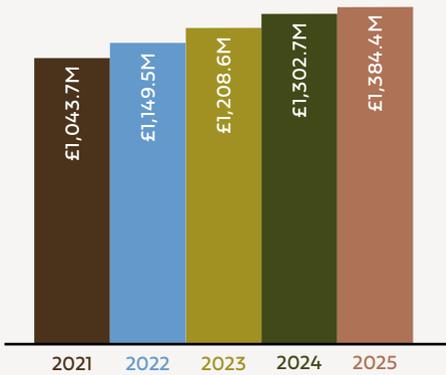


Total Capital Ratio

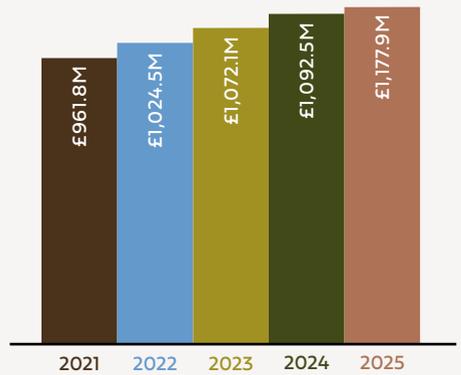


Business Summary

Share and Deposit Balances



Mortgage Balances



Notice of Annual General Meeting 2026

Notice is given that the 159th Annual General Meeting (AGM) of the Members of the Furness Building Society will be held on Monday 27 April 2026 at 3:30pm at The Bridge, 5 Portland Walk, Barrow-in-Furness, LA14 1DB for the following purposes:

1. To receive Chair's opening remarks.
2. To receive the Auditor's Report for the year ended 31 December 2025.
3. To receive the Directors' Report, Annual Accounts and Annual Business Statement for the year ended 31 December 2025.
4. To consider, and if thought fit, pass an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 31 December 2025.
5. To consider, and if thought fit, pass an Ordinary Resolution to reappoint Forvis Mazars LP as Auditor.
6. To consider, and if thought fit, to re-elect/ elect the following as a Director:
 - (a) To re-elect G M Berville as a Director
 - (b) To re-elect A P Haywood as a Director
 - (c) To re-elect P D Rogerson as a Director
 - (d) To re-elect D J Hosie as a Director
 - (e) To re-elect S J Broadley as a Director
 - (f) To re-elect T E Leach as a Director
 - (g) To elect J Worth as a Director

Voting Conditions

1. These Notes form part of the Notice of Meeting.
2. You may either vote in person at the Meeting, if attendance is permitted, or you may use the voting form to appoint a representative to attend and vote for you as you direct. You may appoint the Chair of the Meeting or anyone else as your representative, they do not have to be a Member of the Society. Your representative may vote for you at the Meeting on a written poll but not on a show of hands.
3. The final voting date is:
 - a) 3.00pm on Wednesday, 24 April 2026 if you are posting your voting form at a branch,
 - b) Thursday, 23 April 2026 if you are posting the voting form using the prepaid envelope or voting online, or
 - c) Monday, 27 April 2026 if you vote in person at the Meeting.
4. You are entitled to vote if you are at least 18 years old on 27 April 2026 and you are the first named account holder in our records. You must also either:
 - a) have had at least £100 in your share account on 31 December 2025, and continue to have a share account with the Society at all times between 31 December 2025 and the voting date.
 - b) have owed the Society not less than £100 on your mortgage loan(s) on 31 December 2025 and on the voting date.
5. No matter how many share or mortgage accounts you have, in any capacity, you are only entitled to vote once on each resolution. If you vote online and subsequently change your mind you are able to vote again using the same proxy number and your last vote will be counted. If you submit a postal vote and submit an online vote then the last vote received by the scrutineer will be counted.
6. Members attending the Meeting will be requested to produce their passbooks or other evidence of membership in order to obtain admission. If you have appointed a representative, please ensure that they bring an appropriate form of identification to the Meeting.
7. If you appoint a representative to vote on your behalf and your representative does not attend the Meeting, your vote will not be counted.
8. Please remember to sign the declaration on the voting form as only signed forms will be valid.
9. A vote withheld is not a vote in law which means that the vote will not be counted in the calculation of votes for and against the resolution.

Directors' Biographies

Directors up for re-election in 2026



Graham Berville

Responsible for leading the Board of Directors Graham has over 40 years experience in the financial services sector and over 15 years experience as a Non Executive Director or Chair of regulated firms. His sound understanding of governance, risk and conduct requirements continues to be valued by the Board.

Key roles:

- Chair of the Board
- Chair of Nominations Committee

Wider commitments:

- Chair of Health Shield Friendly Society



Andy Haywood

Andy has held numerous executive positions in the retail and commercial banking sectors throughout his 35-year career including as Chief Modernisation Officer of Yorkshire Water, Chief Operating Officer at N Brown PLC and roles at The Cooperative Group and Boots. His skills and experience in complex areas of technology and change management play a vital role in protecting members and safeguarding our future.

Key roles:

- Chair of Remuneration Committee
- Member of Board Risk Committee
- DE&I Board Champion

Wider commitments:

- Owner & Managing Director of Gustec Advisory Ltd



Peter Rogerson

Peter has worked in the financial industry for more than 30 years, including holding senior roles at Virgin Money and Alliance & Leicester. His extensive strategic, commercial and management experience is an asset to the Board, along with his passionate belief that everyone has the right to own their own home.

Key roles:

- Senior Independent Director
- Chair of Board Risk Committee
- Member of Audit Committee
- Member of Remuneration Committee
- Consumer Duty Champion

Wider commitments:

- Director of Friends of Wansbeck Road Shops CIC
- Peter is an active volunteer with charities and a Community Interest Company locally



Diane Hosie

Diane has over 35 years' financial experience primarily within the Asset Management sector. She has extensive Board experience and brings a combination of strong governance, commercial focus and client service. Having grown up in the region, Diane is committed to help the Society continue to develop and support its Members and the community they live in.

Key roles:

- Non-Executive Director
- Member of Audit Committee
- Member of Remuneration Committee
- ESG Board Champion

Wider commitments:

- Chair of Legal & General Unit Trust Managers
- Morgan Stanley Fund Management (Ireland) Limited
- Morgan Stanley Sponsored Luxemburg Investment Funds



Thomas Leach

Tom is a Chartered Accountant with over 20 years' experience in the Financial Services industry, 15 of those within the Building Society sector. Tom has held Chief Financial Officer and other senior finance roles across a range of building societies, and has extensive experience across strategy, commercial finance and financial planning together with treasury and prudential risk management.

Tom joined the Society in October 2024 and was co-opted to the Board as Interim Finance Director. Following maternity leave from the Society, the former Finance Director decided not to return to the business and resigned from the Society on 19 May 2025. The Nominations Committee led a succinct and successful recruitment process to consider a replacement for the role which was awarded to Tom, on approval by the Board of Directors on 4 July 2025.

Key roles:

- Chief Financial Officer
- Member of Board Risk Committee
- Member of Assets & Liabilities Committee
- Member of Executive Committee

Wider commitments:

- Tom is currently studying for his Professional Certificate in Artificial Intelligence and Machine Learning with MIT
- He recently completed his Executive MBA through Imperial College, London and achieved both Distinction and a place on the Dean's List for Academic Excellence



Simon Broadley

With more than 25 years' experience in the financial services sector, Simon joined the Society as Chief Commercial Officer in 2022 and was appointed as CEO in June 2025. A proven people and commercial leader, Simon has worked predominantly within the mutual sector having held senior leadership roles with Yorkshire Building Society, Tenet & You and as a Non-Executive Director at Leeds Credit Union.

Key roles (from 2 June 2025):

- Chief Executive
- Chair of Executive Committee
- Chair of Assets & Liabilities Committee (ALCO)
- Member of Nominations Committee

Wider commitments:

- Voluntary Non-Executive Director at BarrowBID
- Voluntary Trustee at SAFA

Directors up for election in 2026



John Worth

John has over 40 years' of financial services experience, including within the retail and investment banking and life and general insurance sectors, both in the UK and overseas.

He is passionate about ensuring the Society's ongoing success and long-term sustainability. Having worked extensively with other building societies and mutuals, John has a strong member focus, bringing his experience and insight to ensure that the Society continues to provide an accessible and comprehensive service for its members. John is based in the South Lakes and is an alumnus of Lancaster University, and is committed to making the Society locally famous.

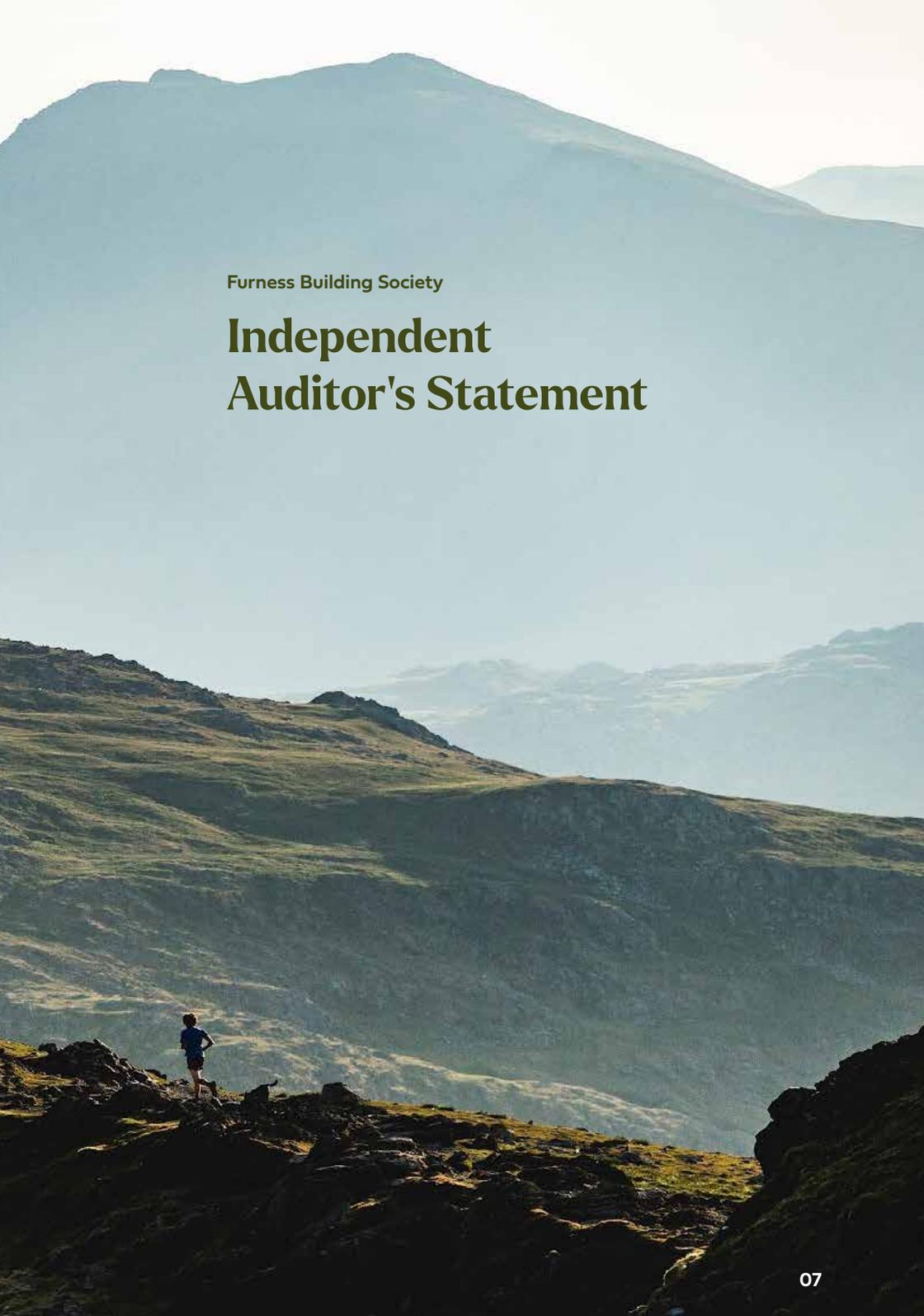
Key roles:

- Non-Executive Director
- Chair of Audit Committee (Subject to Regulatory Approval)
- Member of the Board Risk Committee

Wider commitments:

- Chief Executive Officer, Church Commissioners for England
- Honorary Member of Counsel, NSPCC
- Member, London to Brighton Veteran Car Run Steering Committee



A scenic mountain landscape with a hiker in the foreground and a large mountain peak in the background. The hiker is standing on a rocky ridge, looking out over a vast valley. The background features a large, prominent mountain peak under a clear sky. The overall scene is bright and open, with a mix of green and brown tones in the landscape.

Furness Building Society

Independent Auditor's Statement

Independent Auditor's Statement

Independent Auditor's statement to the Members and Depositors of Furness Building Society

We have examined the Summary Financial Statement of Furness Building Society (the "Society") set out on pages 12 to 36.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the Summary Financial Statement in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement within the Notice of Annual General Meeting and Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Basis of opinion

Our examination of the Summary Financial Statement consisted primarily of:

- Agreeing the amounts included in the Summary Financial Statement to the corresponding items within the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2025 including consideration of whether, in our opinion, the information in the Summary Financial Statement has been summarised in a

manner which is not consistent with the full annual accounts, the Annual Business Statement and Directors' Report of the Society for the year;

- Checking that the format and content of the Summary Financial Statement is consistent with the requirements of section 76 of the Building Societies Act 1986 and regulations made under it; and
- Considering whether information has been omitted which although not specifically prescribed by section 76 of the Building Societies Act 1986 and regulations made under it, in our opinion, is necessary to ensure consistency with the full Annual Accounts, the Annual Business Statement and the Directors' Report of the Society for the year ended 31 December 2025.



We also read the other information contained in the Notice of Annual General Meeting and Summary Financial Statement and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Our report on the Society's full Annual Accounts describes the basis of our opinion on those annual accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Furness Building Society for the year ended 31 December 2025 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Use of the statement

This statement is made solely to the Society's members as a body and the Society's depositors as a body in accordance with section 76(5) of the Building Societies Act 1986. Our audit work has been undertaken so that we might state to the Society's members and depositors those matters we are required to state to them in such a statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body and the Society's depositors as a body for our audit work, for this statement, or for the opinions we have formed.

**Martin Orme (Senior Statutory Auditor)
for and on behalf of Forvis Mazars LLP
Chartered Accountants and Statutory
Auditor**

30 Old Bailey
London EC4M 7AU
20 March 2026



A photograph of a two-story stone building with a red door and several windows with flower boxes. The building is constructed from rough-hewn, light-colored stone blocks. A red door is visible on the ground floor, and a red gutter runs along the roofline. Several windows are visible, some with white frames and flower boxes underneath. The sky is blue with some clouds.

Summary Financial Statement

Directors' Report

Business Review

Sustainability for the Long Term

In 2025 we delivered key building blocks of our strategy, growing both mortgage and savings balances whilst investing in our branch network and in our digital capabilities, enabling current and future Members to engage with the Society in the way that they choose. We have invested prudently to build a thriving organisation which provides real value in our heartland and nationally, and have continued to prioritise long-term sustainability over short-term profitability. We have enhanced the valued face to face service in local communities through our modernised branch network, and have built a rich digital offering for Members who wish to engage through technology.

Our key performance indicators are detailed below.

Key Performance Indicators		Group 2025	Group 2024
Balance Sheet	Assets	£1,483m	£1,397m
	Loans and advances to customers	£1,178m	£1,092m
	Shares and deposits	£1,384m	£1,303m
Operating Performance	Management expenses (% of mean assets)	1.43%	1.42%
	Interest Margin (% of mean assets)	1.60%	1.62%
	Mortgage balances in arrears (>2months)	£3.5m	£5.3m
	Profit after tax	£2.0m	£2.8m
Financial strength	Regulatory capital	£88.8m	£86.3m
	Total capital ratio	16.10%	17.40%
	Liquid assets (% of shares and borrowings)	21.00%	22.10%

Overview on income statement	Group 2025 £000	Group 2024 £000
Net interest income	23,088	21,927
Other income and charges (including movement on provisions)	108	1,135
Administrative expenses	(20,150)	(18,577)
Depreciation and amortisation	(502)	(537)
Impairment charges	51	(277)
Profit before tax	2,595	3,671
Taxation	(579)	(889)
Profit after tax	2,016	2,782

Net Interest Margin

The Group's interest margin remained largely stable during the year despite the challenges of managing four reductions in Bank of England base rate, with net interest income as a proportion of assets reducing to 1.60% from 1.62% in 2024.

In making decisions about changes to mortgage and savings rates as a result of base rate reductions, the Society has sought to balance the needs of savings and mortgage Members, together with current market conditions and the proportionate pass-through of the interest rate increases we have experienced since 2022. Decisions have also been taken with regard to the long-term stability of the Society, particularly in an environment of increased digital investment requirements and the impact of inflation on administrative costs.

Other income and charges

This comprises fees and charges not accounted for within net interest margin such as payments to Community Accounts and fair value losses or gains on interest rate swaps and hedged items. We use interest rate swaps solely for risk management purposes to hedge exposure to interest rate changes on our portfolio of fixed rate mortgage and savings products.

Administrative expenses and depreciation

Management expenses include staff costs and all other operating costs necessary for the business to function including any overheads, depreciation and amortisation.

We recognise the need to balance cost control with investment, including in the high calibre people required to continue providing excellent products and services for our Members. Management expenses were 1.43% of mean assets in 2025 (1.42%: 2024), meaning costs per pound of assets has remained broadly consistent year on year. The absolute increase in management expenses is due to the full year impact of the costs associated with the Society's savings app (launched in mid-2024), together with investment in IT infrastructure, expenses related to the Society's leadership changes in the year and inflation-driven increases in both staff costs and third-party supplies.

Management of costs whilst making the right long term investment decisions for the Society in a rapidly changing environment will remain a key focus for the Board through 2026.

Impairment

Impairment movements in the year generated a £51k credit to the Income Statement (£277k charge: 2024), driving a reduction in total loan loss provisions from £1,168k to £1,123k at 31 December 2025. This reduction reflects changes of circumstance in individual cases supported by a reduction of the number of cases in arrears, particularly in those two or more payments in arrears.

The number of mortgages in arrears (over 2 months) at 31 December 2025 was 23 (33: 2024) and 3 in arrears over 12 months (6: 2024). Total arrears outstanding at the year-end on these cases of £227k (£502k: 2024) and an aggregate balance of £3.5m (£5.3m: 2024).

We extend forbearance to borrowers where appropriate, and at the year end, there were 35 (19: 2024) cases on which forbearance was being applied. The year on year increase in forbearance reflects a change in methodology to capture all Members who require assistance whilst experiencing temporary payment difficulties. Whilst arrears have decreased from the prior year and remain low, the Society recognises the importance of identifying borrower financial distress at an early stage and supporting Members to reach the right outcome in their individual circumstances.

Profit

Profit before tax reduced from £3.7m in 2024 to £2.6m in 2025. The reduction in profit was driven by the increase in fair value movements and administrative expenses associated with continued investment in our people and processes that enhance our member service and support sustainable growth. The impact of which was partially offset by higher net interest income driven by growth in the balance sheet and lower impairment charges.

Looking ahead, the growth enabled by the Society's continuing investment together with careful cost control will support profitability and ensure the Society can meet the challenges of the future from a position of strength.

Balance Sheet

Trading conditions in the mortgage and savings markets were challenging throughout 2025 with strong competition, as well as both domestic and internationally generated economic uncertainty, causing abrupt changes in market expectations of the path of future interest rate changes, along with increasing volatility in competitor pricing. Despite these challenges, the Society grew both mortgage and savings balances in the year.

The Society achieved gross mortgage lending of £306m (£216m: 2024) during the year despite mortgage market volatility. As a result, mortgage assets grew by 7.8% (1.9%: 2024) in the year to £1,178m (£1,092m: 2024). During 2025 the Society transferred the remaining mortgage balances (£1.77m) from its subsidiary, Furness Mortgage Services Limited. The remaining reserves of £2.68m were paid to the Society as a dividend.

We aim to attract and retain retail savings, which provide the majority of the funding required for our lending, and we've strived to ensure our savings products remain attractive to Members. The Society grew savings balances by £70.2m in the year (£140.4m: 2024), representing 5.8% growth (13.2%: 2024). We have also continued to make use of our ability to access non-retail sources of funding, including wholesale markets, where the diversification of funding helps to manage our risks and where it is commercially beneficial to do so. The Society repaid all remaining funding from the Bank of England's Term Funding Scheme with additional incentives for SMEs (TFSME) in the first quarter of 2025.

As a building society, we exist to provide residential home loans, particularly where our manual underwriting helps us to understand and assist in more complex circumstances, and to support home building through products such as self-build and residential development lending. Helping Members in our communities to purchase a home is core to our purpose and we will continue to develop our products and propositions to facilitate that within our risk appetite.

Capital

Our strong capital base enables us to grow the Society whilst ensuring long-term sustainability and remaining a safe home for our Members'

savings. Our common equity tier one (CET1) ratio remains strong at 16.0% (17.3%: 2024) and substantially higher than the minimum required by our Regulator. Gross capital as a percentage of Share and Borrowings was 6.52% (6.76%: 2024) and our total capital ratio was 16.1% (17.4%: 2024). Our capital strength protects the Society against its principal risks and continues to support the demands associated with the development and investment in the business which will support our future success.

Over recent years we have invested capital in our digital proposition, our people and our branch network. Our capital requirements have increased principally due to mortgage book growth, together with some more capital-intensive lending activities such as residential housing development, driving the modest reduction in capital ratios.

The strength of our overall capital position has enabled this investment, providing security for our Members and continuing to support the future development of the business, ensuring the long-term sustainability on which the future success of the Society depends.

Liquidity

The Society's liquid assets comprise cash and other assets that are easily converted to cash, which are shown in the statement of financial position. We ensure liquidity levels are optimised and that the liquidity held is of appropriate quality to meet our financial obligations as they fall due, under both normal and stressed scenarios.

During 2025 the Society's liquidity measured as a proportion of Share & Deposit Liabilities (SDL) reduced modestly from 22.1% to 21.0% at 31 December 2025. The Society had built up additional liquidity through 2024 to repay the remaining TFSME funding, which was achieved in the first quarter of 2025.

Looking ahead, the Society will continue to assess its liquidity investments to ensure appropriate and secure liquidity instruments are held which can be rapidly converted to cash as is required whilst ensuring the funds invested are working as hard as possible for Members.

A key regulatory measure of liquidity is the Liquidity Coverage Ratio (LCR) which was 192.9% as at 31 December 2025 (227.4%: 2024), considerably above the regulatory requirement of 100% and reflecting a reduction in balances

held for repayment of TFSME at the end of 2024 and, efficient liquidity management as the balance sheet grows.

Going concern and long-term viability

We've considered the potential implications of economic and geopolitical uncertainty on our current and future obligations and the Society's prospects over our five-year Corporate Plan period.

The economic outlook continues to be one of low growth and stubborn inflation, albeit substantially lower than we have experienced over the last few years. Interest rates are forecast to decrease further in 2026, offering support to the UK economy, but the impact will be offset by a tightening fiscal environment as the government continues to face challenges about the sustainability of public spending and associated borrowing plans.

We continue to experience periodic trade and geopolitical tensions, and there remains a real prospect of economic shocks in 2026. Potential sources for this include the elevated levels of equity valuations in the US, market confidence in public debt sustainability in both the US and Europe, and the continued success of populist parties across the western world.

Housing affordability improved modestly in 2025 with income growth outstripping house price increases, together with easing mortgage rates. Economists have forecast modest house price growth in 2026. We understand however the continued significant barriers to home ownership in our heartland and beyond, and will continue to develop innovative ways to support aspiring homeowners achieve their home purchase goals.

The latest profitability, liquidity and capital forecasts in our five-year Corporate Plan together with capital adequacy in severe-but-plausible stress scenarios have been considered through both our Internal Capital Adequacy Assessment Process (ICAAP), as well as our Internal Liquidity Adequacy Assessment Process (ILAAP), and the Board is satisfied that the Society is well positioned to weather even severe plausible stress scenarios. We continue to forecast long-term viability with ongoing growth, profitability and a substantial capital surplus supporting the security of the Society for its Members.

The Board has concluded that the Society is well

positioned for the future, with sufficient levels of capital and liquidity to withstand stress events. The financial statements are therefore prepared on a going concern basis.

Post year-end events

The outlook for the UK economy remains challenging. Geopolitical risks remain elevated, with the combination of political, economic and military competition between major countries contributing to a volatile geopolitical picture. Economic growth continues to be constrained by fiscal headwinds, monetary policy remains restrictive and consumer confidence is subdued. While inflationary pressures have eased from recent peaks, progress remains uneven and persistence in certain categories continues to pose challenges for households and businesses. Market expectations suggest the interest rate cycle will reach a low point in 2026, after which rates are expected to rise steadily. However, given the potential for significant economic shocks through 2026, there could be substantially different outcomes which could plausibly lead to significantly higher or significantly lower interest rates in the short- to medium-term.

Whilst these factors require careful ongoing monitoring, the Directors do not consider that they have a material impact on the Society's current financial position or on its ability to continue as a going concern.

Subsequent to the year end, the Society entered into a forward flow mortgage purchase arrangement with Imagine Mortgages Limited (trading as Generation Home). The Society has entered into a forward flow arrangement to support the responsible growth of its mortgage lending while helping more people access home ownership. Under the terms of the arrangement, Generation Home will originate residential mortgage loans which, following completion and subject to agreed eligibility criteria, will be sold and transferred to the Society. As this arrangement was entered into after the reporting date, it has not been recognised in the financial statements for the year ended 2025. The Directors consider this to be a non-adjusting post balance sheet event.

Supplier payment policy

Our policy continues to be to pay all supplier invoices within the agreed payment terms. We

know how important this is, particularly to small businesses.

Donations

During the year, we made donations of £167k (£128k: 2024) to a number of charities. This included Community Account payments of £91k (£96k: 2024). Our Community Accounts support clubs and charities, with an annual donation being made to each by the Society based on the balances of all the savings accounts related to the affinity group.

We also allow our people time to support charitable causes through our Community Days, and many of our colleagues provided valuable support to local good causes in this way. In 2025, our colleagues dedicated a total of 345.5 hours to supporting causes across our Heartland (342.5 hours: 2024).

No political gifts or donations were made during the year (£Nil: 2024).

Directors

Our Directors are responsible for the maintenance and integrity of corporate and financial information. UK legislation governing the preparation and dissemination of the Annual Report & Accounts may differ from that in other jurisdictions.

We're required by the Building Societies Act 1986 to prepare Annual Accounts for each financial year that provide a true and fair view of the income and expenditure of the Society and provide details of the Directors' remuneration. The Directors' responsibilities in respect of the preparation of the Annual Report & Accounts and Annual Business statement include:

- Ensuring suitable accounting policies are used in consistent manner
- Ensuring key accounting judgements are reasonable
- Ensuring compliance with UK GAAP
- Preparing the accounts on a going concern basis (unless it would be inappropriate to do so)

Directors who served during 2025 are listed within our Summary Financial Statement. None of the Directors had an interest in the shares or debentures of any associated body of the

Society at any time during the financial year.

Section 172(1) of the Companies Act 2006 sets out the duties of any company Director. This does not apply to our Directors here at Furness as we are a Building Society. However, the UK Corporate Governance Code expects Board members to set out how Section 172(1) matters are considered in its decision making.

The Board continues to seek engagement from its stakeholders, including Members, employees and suppliers, to ensure fair and balanced decisions are made which take their opinions and considerations into account whilst honouring its duty to promote the long term success and sustainability of the Society. During the year, we embarked upon our Member Stories initiative which draws upon the insights of our newly-established Member Panel with surveys and focus groups. We have worked closely with the Building Society Association (BSA) to explore the importance of branch access for building society Members across the UK. We have also collected feedback and recorded interviews with Members.

Our Board confirms it has acted in good faith and in a way that would be most likely to promote the success of the Society and the best interests of all of its stakeholders.

Environment, Social and Governance (ESG)

The Board continues to track progress against its Environmental, Social and Governance (ESG) Strategy which looks to ensure the business conducts itself in a eco-conscious manner. We have reviewed our scope 1 and scope 2 emissions and are currently building a roadmap to reduce these. A revitalised ESG Strategy is under development for launch in 2026 which has a greater focus on our Heartland and the high levels of deprivation seen and experienced by our Members, their families and friends in these communities. Our principles remain aligned with the UN Sustainability Goals.

Key achievements made thus far include:

- Development of a new Diversity, Equity and Inclusion Strategy and Policy which dedicated 'DE&I Champions' across the business and on our Board

- Launching a Cycle to Work Scheme and Electric Vehicle Salary Sacrifice Scheme for our colleagues to reduce the carbon emissions generated through work related travel
- Investing in the communities we serve through donations managed through our Branch managers and colleagues who best understand the needs of their local community
- Supporting our Members to purchase energy efficient homes, with discounts provided for properties with a better EPC rating
- Updates to our affordability assessment to account for lower energy bills for properties with an EPC rating of 'A' or 'B'
- Establishing, monitoring and reporting on our Scope 1 and 2 carbon emissions to allow us to track and set goals to actively reduce our carbon footprint
- Ensuring our branch footprint is kinder to the environment through using local and recycled materials and improving our layout to better support both colleagues and Members
- Reducing our paper usage by improving internal processes to allow our Members and colleagues to communicate and transact digitally
- Launching our 'Doshi' Member benefit app to encourage and award financial education and help our colleagues and Members build robust money management skills
- Moving to green energy across our Head Office and branch network and upgrading our lighting with our Head Office to reduce our energy consumption
- Partnering with Furness Education & Skills Partnership (FESP) to equip local young people with knowledge, skills and aspirations relevant to a competitive 21st century market-place

- Following consultation with our DE&I Champions, we rebranded our 'Christmas Shopping Day' to simply 'Celebration Day' which can be taken any time during the year to reflect the diverse beliefs and backgrounds of our colleagues.
- Winning the award for 'Excellence in Corporate Social Responsibility' at the 2025 Credit Risk Awards and receiving shortlist nominations at the Women & Diversity in Credit Awards for categories 'ESG Champion' and 'Rising Star' in recognition of the passion and commitment of our colleagues in these fields.

More details on our ESG strategy can be found on our website and in our Members Review digital booklet.

We are proud to say we are a Real Living Wage, Disability Confident and Women in Finance accredited employer and as such, we are committed to fostering an inclusive environment that values diverse perspectives and enables everyone to unlock their full potential. You can find out more about our DE&I principles and read our DE&I statement on our website.

Disclosure of information to the Auditor

At the date of approval of this report, each of our Directors confirms that:

- So far as they are aware, there is no relevant audit information of which the Group's Auditor is unaware.
- All necessary steps have been taken in order to be aware of any relevant audit information and establish that the Group's auditor is aware of that information.

Appointment of the Auditor

Forvis Mazars LLP have been appointed as the Society's external Auditors for the financial year 2025 and will be put to vote via ordinary resolution at the 2026 AGM.

Risk Review

Managing & Mitigating Risk

The Society operates in a dynamic business environment that contains a broad range of financial and non-financial risks. We have a formal risk management framework, including a detailed Board Statement of Risk Appetite which is reviewed at least annually.

The Board is responsible for the effective management of risks within the scope of its risk appetite, and it delegates oversight of the implementation of the risk management framework, including policies, to the Board Risk Committee. Key risk and performance indicators are monitored by the Board at each of its meetings.

Our three lines of defence model ensures clear separation between the ownership and management of risk and controls (first line), oversight, support and advice (second line) and internal audit assurance (third line). More details on this model can be found in the Corporate Governance Report on page 25 of the Annual Report & Accounts.

The Society's risks cover a wide range of areas (for example Credit Risk, Conduct Risk, Regulatory Risk, Operational Risk, Strategic Risk and Financial Risk) and the information below highlights the key risks to the Society in 2025.

Strategic Risk

Strategic risk is the risk resulting from our strategic decisions which have the potential to impact our Members, the Corporate Plan and forecast results or performance over the planning period. A crystallisation of strategic risk could affect the overall strength of the Society or impact the business model. The Board regularly discusses strategic issues and challenges the Corporate Plan proposed by Executives. It ensures strong levels of capital and liquidity are maintained to provide resilience against external

factors which may cause stress to the business.

The Society's strategy is reviewed at least annually by the Board and Management to ensure it remains appropriate, deliverable and sustainable with external assistance sought when required to validate conclusions. The on-going management of strategic risk is supported by the business performance and risk reporting data provided to the Board and Risk Committees.

The current challenging economic environment and competitor pressures on both sides of the balance sheet continues to put pressure on the Net Interest Margin, and this has been addressed through our strategy development. Consideration has also been given to the potential ramifications of geopolitical uncertainty on our current and future obligations and the Society's prospects over the Corporate Plan period.

In 2025, the Society continued to invest in technology, capability, product propositions and distribution to ensure we are in the best position to meet Member expectations and secure a sustainable future for the Society.

Credit Risk

Credit risk is the risk that borrowers or counterparties may default on their obligations to the Society. The Society mitigates this risk primarily through robust affordability and underwriting assessment as well as security held on member mortgages in the form of property and land, protecting both members

and the Society. A decline in the House Price Index (HPI) reduces the value of this security and may increase potential losses in the event of default. During economic downturns, property sales become more challenging and forced sale discounts can further elevate credit risk.

As at year-end, the mortgage portfolio comprised 6,465 accounts with total balances of £1,174.8m, split as follows:

- Residential lending: 4,654 accounts, £821m balances
- Buy-to-let lending: 1,607 accounts, £280m balances
- Self-build lending: 185 accounts, £50m balances
- Legacy commercial lending: 19 accounts, £1.7m balances
- Residential development lending (NEXA): 9 accounts, £21.1m balances

Portfolio arrears remain low, with 23 accounts in arrears greater than 2 months totalling £227k, reflecting the effectiveness of the Society's responsible lending approach. In addition, the Society has commenced new residential development lending through NEXA, disclosed under loans fully secured on residential property in the Statement of Financial Position.

The Society manages mortgage credit risk through a comprehensive lending policy, which includes thorough assessment of borrower creditworthiness and property valuation. Mortgages are monitored continuously, with prompt action taken on accounts in arrears. Robust property valuations and enhanced analytical capabilities support ongoing monitoring of credit exposures. Manual underwriting enables bespoke risk assessment for all; however, this is particularly beneficial for individuals with complex borrowing needs.

Credit risk on liquid asset investments is managed by the Assets and Liabilities Committee (ALCO). Investments are restricted to highly secure instruments, including cash with the Bank of England, UK Government-issued debt, AAA-rated liquid securities, term deposits with regulated entities, Local Authorities, and operational accounts with UK clearing banks

holding investment-grade ratings. The Society actively monitors developments in the financial sector and takes appropriate measures to safeguard its investments.

The Society expects credit risk to remain well-controlled in the coming year, supported by strong underwriting standards and low arrears levels. However, continued economic uncertainty, potential interest rate volatility, and property market fluctuations may increase risk exposure. The Society will maintain its focus on robust underwriting, monitoring, stress testing, and provisioning to ensure resilience. Growth in residential development lending will be managed prudently, with enhanced oversight applied to this segment.

Liquidity and Funding Risk

Liquidity risk is the risk of the Society failing to meet its financial obligations as they fall due, resulting in the inability to support normal business functions and activity. There is also a risk of breaching regulatory requirements.

The nature of the Society's business involves 'maturity transformation' whereby the Society borrows for relatively short terms and lends on mortgages for much longer periods. This mismatch creates liquidity risk whereby the Society could be unable to meet its financial obligations as they fall due.

Funding risk is the inability to access funding markets or to do so at excessive cost. In order to minimise funding risk the Society ensures there is no over reliance on a single source of funds.

In 2025, the Society repaid the final £20m of funds from the Term Funding Scheme (TFSME), to the Bank of England, out of a total of £90m drawn. This was funded by retail deposits, supported by the use of the digital distribution channel and the tactical use of deposit aggregators. To further support our Members' needs and our own funding needs, we have also developed during 2025, the new capability to accept treasury deposits directly from Heartland customers, rather than our general approach of accepting deposits through brokers.

On a day-to-day basis the Group's liquidity position is managed by the Treasury function which is responsible for the liquid asset portfolio and contingency arrangements. Liquidity and funding risk is monitored by the ALCO which

meets on a frequent basis and receives a variety of Management Information reports. These reports enable it to monitor the amount and composition of the liquid asset portfolio and ensure Group compliance with the regulations covering liquidity, as well as the Board Statement of Risk Appetite. This is supported by the Treasury Function Risk Management Policy (TFRMP) and the Internal Liquidity Adequacy Assessment Process (ILAAP) to ensure that financial obligations can be satisfied as they fall due under both normal conditions and defined stress scenarios. This liquidity adequacy is also tested through the Liquidity Contingency Plan (LCP) and Recovery Plan (RP) to ensure a wide range of stresses are considered, of varying severity, and that available mitigating actions are assessed from both capacity and practicability perspectives.

The Furness Building Society maintains access to the Bank of England's Sterling Monetary Framework, including a reserves account. A significant proportion of the Society's liquid assets are held in the reserve account and short-term deposits, to provide instant access to funds if and when required. In addition, the Society holds a portfolio of treasury instruments where there is an active secondary market enabling liquidation if required under a stress scenario. These treasury instruments are all eligible for use as collateral in the Discount Window Facility with the Bank of England and inclusion in the Society's Liquid Asset Buffer.

Interest Rate Risk in the Banking Book (IRRBB) including Basis Risk

IRRBB reflects the current or prospective risk to both the earnings and economic value of an institution arising from adverse movements in interest rates that affect interest rate sensitive instruments, including gap (repricing) risk, basis risk and option risk.

The Society is exposed to interest rate and basis risk arising within the banking book, which results from different interest rate features, re-pricing dates and maturities of assets (mortgages and treasury investments) and liabilities (retail savings and wholesale funding).

The Society's ALCO monitors and manages this exposure. The following activities are affected by interest rate risk:

- fixed rate mortgage lending and fixed rate treasury investments
- fixed rate savings products and fixed rate wholesale treasury funding
- management of the investment of reserves and other non-interest bearing liabilities.

To manage fixed rate risk, the Society uses a combination of natural hedging (matching on balance sheet assets and liabilities with similar maturity dates) reserves hedging and interest rate swaps, reviewed at least weekly by the Treasury function.

Basis risk is the risk of divergence between several interest bases, such as SONIA and the Bank of England Base Rate. The Society manages its basis rate risk exposure mainly by setting limits against the relative exposures and carefully monitoring the positions.

The Society's interest rate related risk appetite is measured against:

- the economic impact of a variety of linear and non-linear interest rate scenarios over the life of the balance sheet
- the impact on annualised Net Interest Income (NII) of a 100bps interest rate shock on a static balance sheet over a 36m period and a 250bps shock over a 12m period.

Margin Risk

Margin risk is the risk of erosion between the interest rates charged to our mortgage borrowers and the interest rates paid to our savings account holders. The volatility in the current and future interest rate environment and the intensely competitive nature of the mortgage and savings markets have created margin pressures in 2025. This risk is managed closely by the Society, to ensure products meet Member expectations and quickly respond to market and pricing changes.

The Board considers the strategic risk of failing to generate sufficient margin and sets margin objectives within the Corporate Plan to mitigate this risk. The performance against these objectives is monitored closely by the Executive Committee and ALCO.

In 2025, the Society has continued to invest in capability, product propositions and distribution including our mortgage transformation programme. The enhanced capabilities created through this investment will ensure we are in the best position to meet Member expectations and secure a sustainable future for the Society in 2026 and beyond.

The removal of the Building Societies Sourcebook in December 2025, means the Society now has greater flexibility to manage its product mix in a way that better reflects member needs and market conditions.

Operational Risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk and the risk that operational failures, cyber incidents, third-party disruptions or other events impact the Society's ability to deliver critical services, meet regulatory obligations or protect customers.

The Society has a robust risk management framework with documented policies and Committees providing appropriate review and challenge. There are systems and controls in place to mitigate operational risks, the impact on operational resilience and the potential loss from incidents including data loss, legal, fraud and cyber events.

The Society has a Management Risk Committee (MRC) which is chaired by the Chief Risk & Compliance Officer and comprises representatives of the Society's Leadership Team and members of the Risk and Compliance function. This Committee provides oversight to all the Society's operational risks. The Board is responsible for deciding whether it accepts any residual risk that exists after the application of these controls.

The Society has continued progress throughout 2024 and 2025 in the identification and management of third party and outsourcing risks, in particular to assess and understand the

impact on its operational resilience. A calendar of Disaster Recovery (DR) tests and simulations is planned to support the operational resilience of the firm through 2026.

The Society has ongoing risk management related to its digital platform, with a focus on safeguarding member's interests, and ensuring new processes' are appropriately controlled and resilient.

Process Risk

Process Risk is the risk of loss as a result of employees not adhering to appropriate procedures or processes due to errors and mistakes, a lack of training or unclear documentation. The Society has set up systems, controls and processes to ensure that any mistakes are identified and corrected to prevent a significant loss to the Society.

The Society recognises that inefficient, manual, or legacy processes can increase exposure to Process Risk, including operational inefficiency, control weaknesses, and adverse member outcomes.

To address this, in 2025 the Society introduced a new change delivery channel to complement its established change framework: a structured hackathon approach. This model is designed to accelerate the identification and resolution of clearly defined problem statements that impact the Society, its operations, or its members.

Hackathons bring together cross-functional stakeholders with relevant expertise for focused, time-bound collaboration. By removing unnecessary hand-offs and delays, this approach enables rapid decision-making and solution development within a controlled governance environment.

The initiative fosters a forward-looking and enabling culture, encouraging collaboration across teams and a shared focus on outcomes. In practice, hackathons have delivered tangible benefits, including operational efficiencies, enhanced member experience, and reduced process and control risk—often achieving all three simultaneously.

Legal and Regulatory Risk

This is the risk of fines, public censure, limitations

on business or restitution costs arising from failure to understand or correctly interpret the law or regulatory rules. The legal and regulatory landscape is constantly evolving, and the Society has invested time and resource to ensure we meet the expectations of our regulators and build compliant processes to protect and support our Members.

Regulatory change in 2025 has shown a shift towards more outcome-focused and proportionate regulation which supports both consumer protection and economic growth. Outdated requirements have been streamlined and core regulation such as Consumer Duty strengthened. We remain ready to take a risk-based approach to taking advantage of the opportunities this may offer.

Adherence to regulation is continually monitored by the Compliance team and our Auditors with results reported monthly to the Executive and Board Risk Committees.

Conduct Risk

Conduct risk is defined as the risk that the Society's systems, controls, behaviours, or culture result in member detriment or unfair outcomes. A weak conduct culture also increases the risk of behaviours that are not open, transparent, or aligned to the Society's values, potentially leading to reputational harm.

The continued challenging economic environment has heightened conduct risk, driven by increased cost pressures, more complex operating conditions, and elevated levels of member vulnerability. The Society has responded by maintaining a strong focus on delivering fair outcomes for all members, including those experiencing financial difficulty. This has been supported by strengthened governance arrangements, including more frequent management oversight, enhanced management information, improvements in operational resilience, and increased fraud prevention monitoring.

The Society's commitment to fair member treatment is underpinned by its Conduct Risk Policy and adherence to the FCA's Consumer Duty requirements. Conduct risk is monitored through a suite of management information

that is regularly reviewed by the Executive and the Management Risk Committee. The partnership with Generation Home emphasises the importance of robust conduct risk oversight across third-party relationships, ensuring that good customer outcomes are consistently delivered at all stages of the customer journey.

Cyber Security Risk

Cyber security risk is the risk of financial loss, service disruption, regulatory impact, or reputational damage arising from cyber-related threats, including unauthorised access, data compromise, fraud, and disruption to digital services.

The Society operates a layered cyber security framework designed to protect its systems, data, and Members across both on-premise and cloud-based environments. This framework includes preventative, detective, and responsive controls aligned to recognised industry standards and is supported by continuous monitoring, threat detection, and incident response capabilities.

In response to evolving ways of working, including hybrid and remote access models, the Society has implemented appropriate security controls to protect access to systems and data regardless of location. Independent assurance activities, including regular penetration testing and security assessments conducted by third-party specialists, provide ongoing validation of the Society's security posture.

Cyber security remains an area of ongoing focus and investment. The Society continues to enhance its technology, processes, and governance to respond to an evolving threat landscape and to ensure the confidentiality, integrity, and availability of Member data and services.

Market Environment Risk

We expect 2026 to remain a challenging environment for mortgages, retail savings and wholesale funding, driven by ongoing macro-economic uncertainty, competitive market conditions and continued sensitivity to movements in interest rates, inflation and house prices. Competition for funding is expected

to remain strong and may continue to place pressure on Net Interest Margin. The Society will continue to manage its balance sheet prudently and remain prepared for further changes in the Bank of England base rate.

The geo-political environment has not had a material direct impact on the Society to date however, it continues to contribute to wider economic uncertainty, which may increase financial pressures for some Members over time. The Society remains focused on maintaining resilience while delivering good outcomes for its Members

Climate Change Risk

The Society is aware of the important global issue of climate change, and the impact it is having around the world. Given that a substantial portion of the UK's carbon emissions come from homes, we understand that our Society, along with the rest of the industry and the Government, have an important role to play in reducing these emissions.

The Society introduced the Climate Risk Management Framework in 2021 which is used to govern the Society's exposures to climate risk and establishes the process for understanding, managing and disclosing climate induced risks.

Since 2022, the Society has strengthened its approach to climate risk and sustainability through enhanced flood risk data analysis, the launch of a refreshed ESG Strategy, and initiatives supporting the transition to a greener economy. Key actions include introducing 'Green' mortgage products, incorporating EPC ratings into affordability assessments, establishing Scope 1 & 2 emissions benchmarks, and implementing colleague and community initiatives such as Cycle to Work / EV schemes and sustainable branch design.

In 2025, the Society continued to strengthen its climate risk management and sustainability commitments by:

- Sourcing subsidence data to complement flood risk scenarios and including disclosures within ICAAP
- Obtaining EPC ratings for all branches and Head Office, with plans to improve any below 'C'
- Transitioning to renewable energy across our estate
- Rebranding and relaunching our Community days to encourage colleague engagement and community support
- Targeting 20,000 new Member email addresses to reduce our environmental footprint and reliance on paper
- Continuing to provide Members with information, support, and products to enable greener choices

Regulatory Alignment

The Society is currently self-assessing against the Prudential Regulation Authority's new expectations under Supervisory Statement 5/25, ensuring our approach to climate risk remains robust and compliant.

Scope Reporting

Our Society premises all create carbon emissions, and we remain committed to reducing our footprint across our estate and operations.

Category	Control	Source	Description
Operational Emissions			
Scope 1	Direct	Our Assets	Direct GHG emissions that originate from assets that the Society owns or control e.g. emissions from the combustion of gas in the heating of branches or diesel consumption to run our company vehicles.
Scope 2	Indirect	Purchased Electricity	Emissions from the generation of purchased electricity based on the average emissions intensity on the grids upon which consumption occurs, such as using UK Government grid-average emission factors.
Value Chain Emissions			
Scope 3	Indirect	Upstream and Downstream activities	All the emissions associated, not with our Society, but the organisation it is indirectly responsible for i.e. from activities linked to the provision of products and services (predominantly from the third-party goods and services that we purchased).

In 2024, the Society established its carbon footprint for Scope 1 and 2 emissions.

Reported emissions encompass the greenhouse gases (GHGs) defined under the Kyoto Protocol and are segmented into three main categories.

The benchmark established continues to guide our efforts to reduce Scope 1 and 2 emissions. Actions taken through our ESG strategy such as transitioning to renewable energy across our estate, improving EPC ratings for branches, and offsetting operational vehicle emissions are expected to contribute to meaningful reductions. A refreshed position, including updated emissions data, will be provided during 2026 to demonstrate progress against our environmental commitments.

Our People and Members

Recruiting and retaining high calibre people through continuous development and succession planning to help drive our business forward is critical to our long-term success.

It's equally important we continue to foster a nurturing and motivational environment that allows our people to succeed in their roles. We're continuing to invest in our people, and we've felt the benefits of this throughout the year in the commitment of our colleagues to our performance and our Members' needs.

We continue to operate hybrid working model, and have reviewed and refreshed our core

values and behaviours as part of our latest people strategy which focuses around four key themes of high performance culture, reward and recognition, continuous development and organisational design to ensure our people have the right skills to serve our Members now, and in the future.

As part of our ongoing commitment to Social Responsibility, we continued to support community groups and charities close to our colleagues' hearts and those that have been adversely affected by the ongoing cost of living crisis. In 2025, we awarded £76k (£32k: 2024) in charitable donations as well as supporting Barrow Foodbank and running our Furness Community Awards Scheme. This is in addition to Community Account payments of £91k (£96k: 2024). Our Community Accounts support clubs and charities, with an annual donation being made to each by the Society based on the balances of all the savings accounts related to the affinity group.

Our colleagues are awarded two days, which can be split into hourly commitments, each year in addition to their holiday entitlements to spend with local good causes and charities close to their hearts. This year, our colleagues spent a total of 345.5 hours giving back to our local communities (2024: 342.5 hours).

You can find out more about our charity and communities effort in our digital Members' Review booklet.

The Year Ahead – Celebrating 160 Years of the Furness

Since 1865, we've remained an independent and mutual Building Society, committed to our vision of meeting the needs of our Members. We are proud of our heritage and our purpose and remain committed to our heartland and local communities.

The past few years have presented challenges of a type and scale we haven't witnessed before and we've had to adapt quickly and adjust frequently. However, as you will see through this set of Accounts, we've delivered another solid performance for our Members.

With the direction and support from our Board, the strength of our leadership team and the expertise and energy of our colleagues, we are focused on ensuring a firm future for our Members and our people, with significant investment in our digitisation and Member proposition planned for 2026 and beyond.

- Further raising the profile of the Society through commercial, community and brand-building activities in the Heartland.
- Leveraging and enhancing the risk capability within the Society to underpin the business strategy and actively manage emerging risks in light of changing Regulation.

We remain safe, secure and well positioned to support our Members, as well as future generations of savers and homebuyers, just as we have from the past 160 years.

Key areas of focus for 2026 include:

- Enhancing our People Strategy through an evolved 'People' function which will deliver a refreshed approach to succession planning and talent management.
- Tangible improvements to Member experience and outcomes through a greater understanding of our Members, new and existing.
- Deliver a comprehensive overhaul of all facets of our Mortgage proposition to allow us to become 'Nationally Known'.
- Unlocking the functionality in our systems and building closer, more effective partnerships with our providers.

A Final Note from the Chair of the Board

Graham Berville

I am pleased with our performance in 2025 and the steps we have taken to put us in a strong position for next year and beyond to meet the challenges we face. During 2025 we completed the refurbishment of our branch network including the relocation of two branches to better sites. Our branches now provide a modern and welcoming environment for our Members and our colleagues.

There were also a number of changes to our Executive team during the year - we thanked our CEO Chris Harrison for his tremendous contribution and welcomed his successor Simon Broadley. We also appointed a new CFO, Tom Leach, joining us from the Monmouthshire Building Society.



The macroeconomic and geopolitical environments continue to be challenging, with the volatility of interest rates looking set to continue. The new interest rate environment has intensified competition for mortgages and savings and uncertainty about whether interest rates will rise or fall makes decisions about whether to take fixed rates difficult for savers and borrowers.

Nevertheless, our strong capital position gives us confidence that we can continue to invest in our infrastructure and continue to grow our balance sheet in a controlled manner.

With this confidence and optimism, we begin our next phase of strategic investment across our core system platform, mortgage proposition and data insights to ensure we remain secure and relevant in what continues to be a highly competitive market place.

We welcomed the current Government's recognition of the importance of the mutual sector and stated objective to facilitate its continued growth. We also welcomed the Regulator's announcements about specific action to reduce the regulatory burden for the sector and positive steps to facilitate growth for which we can already see the benefits.

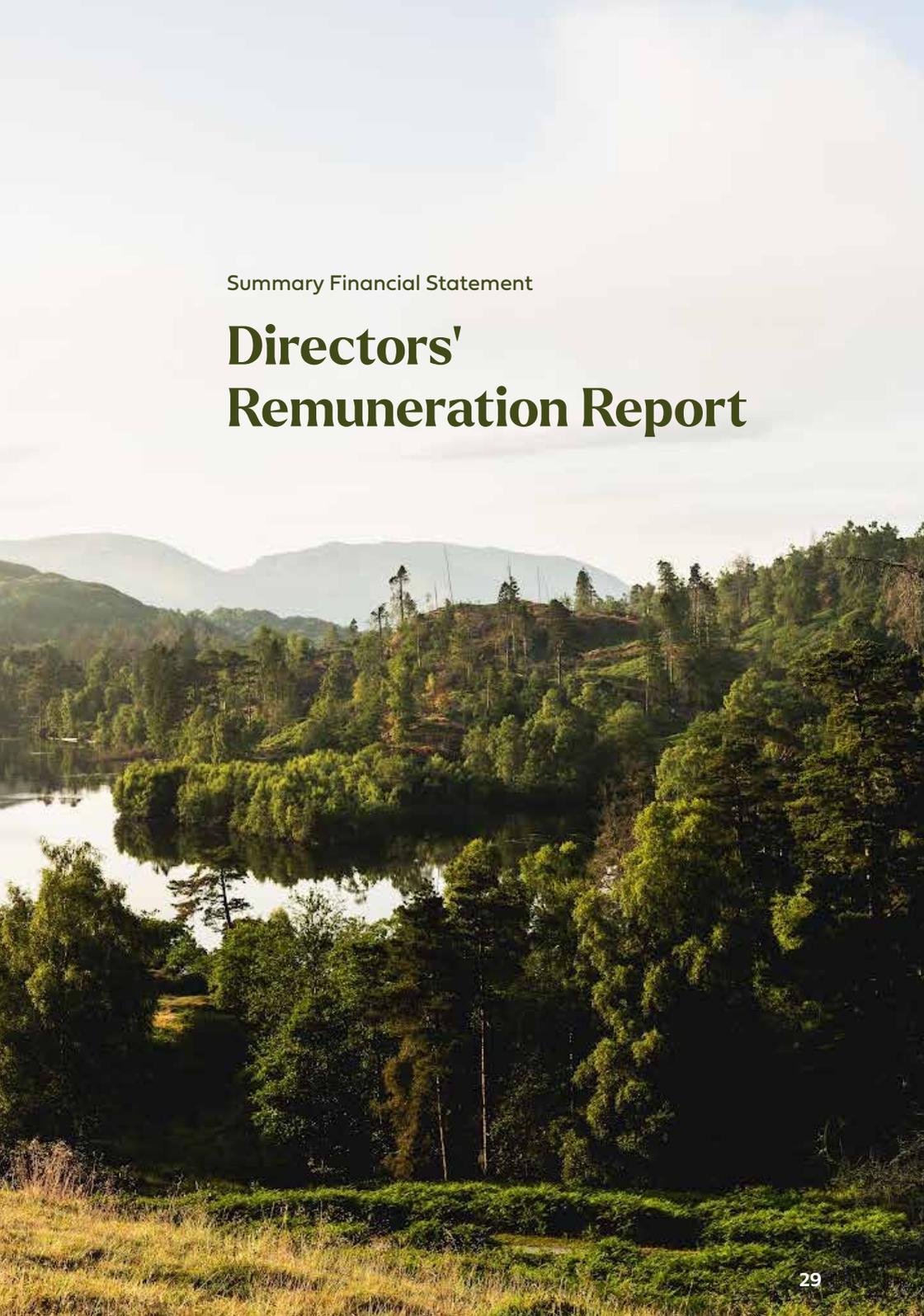
Shipbuilding has always been a key critical to the economy of Barrow and the surrounding area. We welcome the recognition that investment is needed in infrastructure in Barrow to support the SSN-AUKUS submarine programme and the anticipated 7,000 additional jobs that will be created. We are determined to play our part in supporting this project and are well placed to support the development and purchasing of the residential properties that will be needed. We will also be continuing to focus on the needs of savers in our wider heartland.

I extend my sincere thanks to our talented colleagues for their hard work and commitment during 2025 which enables us to enter 2026 and the next 160 years of our history in a strong position and prepared to face any challenge or change before us.

Last but by no means least, I wish to thank our Members for your loyalty and support through these trying times. We will continue to do our very best to provide the products and services you, your families and your communities need, now and in the future.

**Approved by the Board of Directors on
20 March 2026**



A scenic landscape photograph of a forested valley. In the foreground, there is a field of tall, golden-brown grass. The middle ground is dominated by a dense forest of green trees, with a calm lake reflecting the surrounding greenery. In the background, there are rolling hills and mountains under a clear, light blue sky.

Summary Financial Statement

Directors' Remuneration Report

Our Remuneration Policy.

Attracting, retaining and remunerating talent.

Attracting, retaining and motivating talented individuals whose performance contributes to the success and stability of our business is critical.

The aim of our remuneration policy is to ensure our approach is suitably balanced. Its key principles are to:



Align to our Corporate Plan objectives for our overall growth and security.



Set total remuneration at a competitive level which rewards strong performance.



Provide a clear link to effective risk management consistent with risk appetite.



Meet regulatory standards and good corporate governance.

We also recognise our responsibility to protect Members' interests by spending money wisely and not paying more than necessary to attract candidates with the appropriate level of skills and experience.

Executive and Non-Executive remuneration

Executive remuneration consists of basic salary, variable bonus, pension contributions and other benefits. The Remuneration Committee reviews this annually on recommendation of the Chief Executive - and in the case of the Chief Executive, on recommendation of the Chair of the Board. Summaries of the 2025 remuneration elements and packages are shown on page 32.

Non-Executive Directors are paid a fixed fee and there is an additional payment for the Chair of the Board and Committee Chairs. The level of the fee is based on external market data. The time commitment required in order to deliver their responsibilities within a regulated business environment is also considered. No bonus or variable pay is paid to the Non-Executive Directors.

Executive and Senior Leadership Bonus Scheme for 2026

Serving as an incentive to the achievement of corporate goals, our Senior Managers' bonus scheme is aligned to the business strategy. There are nine key components and measures including 'financials', 'risk and control environment', 'broker and Member', 'people and culture' and 'delivery of key strategic projects'.

The specific financial measures contained in the bonus structure are:

- Profit
- Cost Management
- Balance Sheet Growth

Consulting our Members

We consider it best practice to hold an advisory vote on the recommendations contained within the Directors' Remuneration Report, although we are not required to do so. An appropriate resolution of this year's report will therefore be put to Members at our Annual General Meeting.

In 2025, 3932 (2024: 3901) of Members voted, of which 3521 did so in favour of the Directors' Remuneration Report.

Summary of Directors' Remuneration 2025

Element	Link to Strategy	Operation
Basic Salary	<p>Reflects level of accountability.</p> <p>Provides ability to attract and retain individuals through competitive but affordable rates of pay</p>	<p>Once set, future increases are linked to personal performance and peer group benchmarking.</p>
Bonus	<p>Linked to the delivery of annual business plan targets including shared strategic objectives.</p>	<p>Challenging, but achievable objectives are aligned with the Corporate Plan.</p> <p>The Chief Risk Officer provides assurance that the scheme design does not incentivise inappropriate behaviours.</p>
Pension	<p>Provides market competitive remuneration.</p>	<p>Pension contributions are on membership of the Society's Defined Contribution Scheme.</p> <p>Cash equivalent may be offered if requested.</p>
Benefits	<p>To align Executive total remuneration broadly with the market.</p>	<p>The principal benefits are:</p> <ul style="list-style-type: none"> • Life assurance, • Private medical insurance, • Company car allowance, • 6 month notice period, • Other benefits e.g. relocation assistance may be provided based on individual circumstances.

	Performance Measures	Minimum and Maximum Payable
	<p>Personal performance against the requirements of the role and the delivery of business and personal objectives.</p>	<p>Individuals developing in a role may be paid below market rate until they are fully performing.</p> <p>Adjustments may be made if a role changes significantly or moves out of line with the market.</p>
	<p>Corporate measures for 2025 are:</p> <ul style="list-style-type: none"> • Profit • Cost Management • Balance Sheet Growth • Risk & Control • Culture • People • Member engagement • Shared Strategic Objectives. <p>Personal objectives are set by the Chief Executive and reviewed by the Remuneration Committee.</p>	<p>The bonus amount varies between 0% and 40% depending on performance against a number of specific measures, agreed by the Remuneration Committee. Payment of 50% of the award is deferred for three years. Deferred bonus payments may be withdrawn or adjusted in the following circumstances:</p> <p>a) participated in or was responsible for conduct which resulted in significant losses or regulatory consequences for the Society or relevant business unit or there is reasonable evidence of fraud, serious dishonesty or other wrongdoing on the part of the Bonus Recipient which would have resulted in the bonus not being paid had the Society known about it at the time the relevant award was declared; or</p> <p>b) failed to meet appropriate standards of fitness and propriety and/or engaged in any financial and/or non-financial misconduct.</p> <p>Or where the Society has:</p> <p>c) suffered a material failure of risk management; or</p> <p>d) been required to restate its accounts to a material extent.</p> <p>If, as at the Initial Payment Date or the Deferred Payment Date, the Bonus Recipient is no longer employed by the Society, or either the Bonus Recipient or the Society have given notice to terminate the Bonus Recipient's employment, or the Bonus Recipient has taken a long-term career break there shall be no right to a bonus unless the leaver reason is by means of retirement or other leaver reasons such as death and redundancy.</p>
	<p>Not applicable.</p>	<p>Matched contributions up to 10% of basic salary.</p>
	<p>Not applicable.</p>	<p>Not applicable.</p>

Executive Directors' Fees

2025	Salary	Bonus / PILON	Taxable Benefits	Sub Total	Defined Contribution Scheme ²	Total
	£	£	£	£	£	£
S. J. Broadley ¹	130,000	41,600	8,062	179,662	26,000	205,662
T. E. Leach	170,000	54,400	21,976	246,376	15,300	261,676
C. M. Harrison ²	114,357	149,189	12,662	276,208	-	276,208
L. S. Hamp ³	22,105	118,857	3,862	144,824	21,065	165,889
Total	436,462	364,046	46,562	847,070	62,365	909,435

¹ Simon Broadley was appointed to CEO on 2 June 2025 following Chris Harrison's departure

² Chris Harrison departed the Society on 2 June 2025. Included within Bonus/PILON is £149,189 PILON

³ Laura Hamp departed the Society on 19 May 2025. Included within Bonus/PILON is £88,857 PILON

2024	Salary	Bonus / PILON	Taxable Benefits	Sub Total	Defined Contribution Scheme ²	Total
	£	£	£	£	£	£
C. M. Harrison	263,901	95,004	30,178	389,083	-	389,083
T. E. Leach ¹	41,212	-	4,875	46,087	3,884	49,971
L. S. Hamp	138,075	48,963	18,014	205,052	26,614	231,666
Total	443,188	143,967	53,067	640,222	30,498	670,720

¹ During the year, Tom Leach was appointed by the Society as Interim Finance Director and co-opted to the Board in October 2024.

Non-Executive Directors' Fees

Name	2025	2024
	£	£
G. M. Berville	59,649	58,734
A. P. Haywood	41,617	39,906
P. A. McLelland	40,001	39,414
P. D. Rogerson	41,575	37,940
K. Ingham	39,475	26,434
D. J. Hosie	33,224	21,727
K. L. Rebecchi	-	13,289
N. J. Gower	-	11,610
Total	255,540	249,054

P Rogerson took Chair of Board Risk Committee during 2024. The increase in fees between current and prior year is due to 2024 fees not being reflective of a full year.

Both K Ingham & D Hosie commenced their roles as Directors during 2024. The increase in fees between current and prior year is due to 2024 fees not being reflective of a full year.

Non-Executive Directors' fees include taxable travel expenses paid to attend the Society's Head Office, but do not include any reimbursement of other out of pocket expenses incurred whilst conducting the Society's business.

A. P. Haywood

Chair of the Remuneration Committee
20 March 2026

Summary Financial Statements

Summary Statements

Group Results for year	2025 £000	2024 £000
Net interest receivable	23,088	21,927
Other income and charges	171	352
Fair value gain	(103)	779
Administrative expenses	(20,652)	(19,114)
Operating profit before provisions and taxation	2,504	3,944
Impairment charge	51	(277)
Operating profit	2,555	3,667
Provisions for liabilities	40	4
Profit on ordinary activities before tax	2,595	3,671
Taxation	(579)	(889)
Profit for the financial year	2,016	2,782

Group Financial Position at the Year-End	2025 £000	2024 £000
Assets		
Liquid assets	290,600	288,273
Derivative financial instruments	2,912	6,928
Mortgages	1,177,936	1,092,482
Fixed and other assets	8,699	7,099
Retirement benefit asset	2,538	2,498
Total assets	1,482,685	1,397,280
Liabilities		
Shares	1,193,169	1,121,350
Borrowings	191,237	181,345
Derivative financial instruments	3,044	1,749
Other liabilities	4,975	4,809
Reserves	90,260	88,027
Total liabilities	1,482,685	1,397,280

Approved by the Board of Directors on 20 March 2026 and signed on its behalf by:
G M Berville, Chair

Summary of Key Financial Ratios

Summary of Key Financial Ratios	Group 2025 %	Group 2024 %
Gross capital as a percentage of shares and borrowings ¹	6.52	6.76
Free capital as a percentage of shares and borrowings	6.22	6.60
Liquid assets as a percentage of shares and borrowings ²	20.99	22.13
Profit for the year as a percentage of mean total assets ³	0.14	0.21
Management expenses as a percentage of mean total assets ⁴	1.43	1.42
Profit after tax (£m)		
	2.02	2.78
Share and deposit balances (£m)		
	1,384.41	1,302.70
Mortgage balances (£m)		
	1,177.94	1,092.48

Notes

1. The gross capital ratio measures the proportion that capital bears to shares and borrowings. Gross capital constitutes the reserves and subordinated liabilities shown in the Statement of Financial Position and includes the profits accumulated since the Society's formation in 1865. Capital reserves are financial resources owned by Members and are liabilities which are not repayable. Capital provides a financial cushion against possible adverse market conditions in the future and therefore protects Members and investors.
2. The liquid assets ratio measures the proportion of the Group's shares and borrowings which are held in the form of cash, short term deposits and securities which can be readily converted into cash. Liquid assets are maintained at a level which enables the Group to meet requests from investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business.
3. This ratio measures the proportion which profit after taxation for the year bears to the average balance of total assets during the year. The ratio is similar to a company's return on assets. The Group needs to make a reasonable profit each year in order to maintain its capital ratios at a suitable level to protect investors.
4. The ratio of management expenses as a percentage of mean total assets measures the proportion which administrative expenses (which include depreciation and amortisation) bear to the average balance of total assets during the year.



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Furness Building Society Reg No. 221 B; Registered Office: Emlyn Hughes House,
Abbey Road, Barrow-in-Furness, Cumbria LA14 5PQ.

Authorised by the Prudential Regulation Authority and regulated by the Prudential Regulation Authority
and the Financial Conduct Authority and entered in the Financial Services Register under number 159624.

Auditor: Forvis Mazars LLP, 1 St Peter's Square, Manchester, M2 3DE.

Bankers: National Westminster Bank plc & The Royal Bank of Scotland plc.

The Society is covered by the Financial Ombudsman Service and has a complaints handling procedure.
A copy of the complaints handling procedure is available on request. Complaints we cannot settle may be referred
to the Financial Ombudsman Service. Your call may be monitored or recorded to maintain a quality service.

Registered Office. Emlyn Hughes House, Abbey Rd, Barrow-in-Furness, LA14 5PQ.

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Furness Building Society (FBS) is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct
Authority and the Prudential Regulation Authority. FBS is on the Financial Services Register under registration number 159624.