Ecology Building Society

Unaudited Half Year Performance Update

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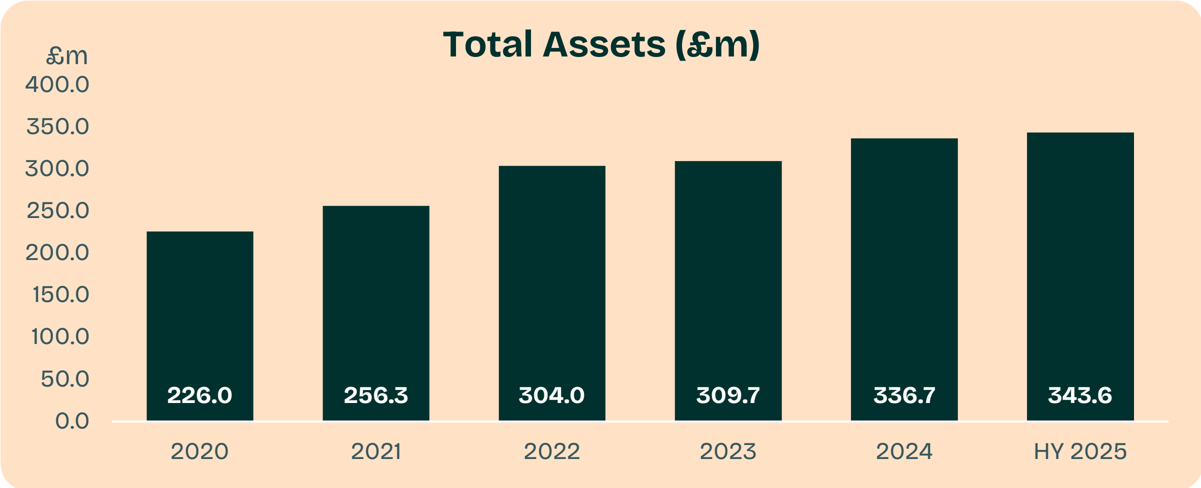
2025 Half Year performance update

A summary of the Society's key financial information has been set out below, with the addition of unaudited Half Year Management Accounts position for 2025:

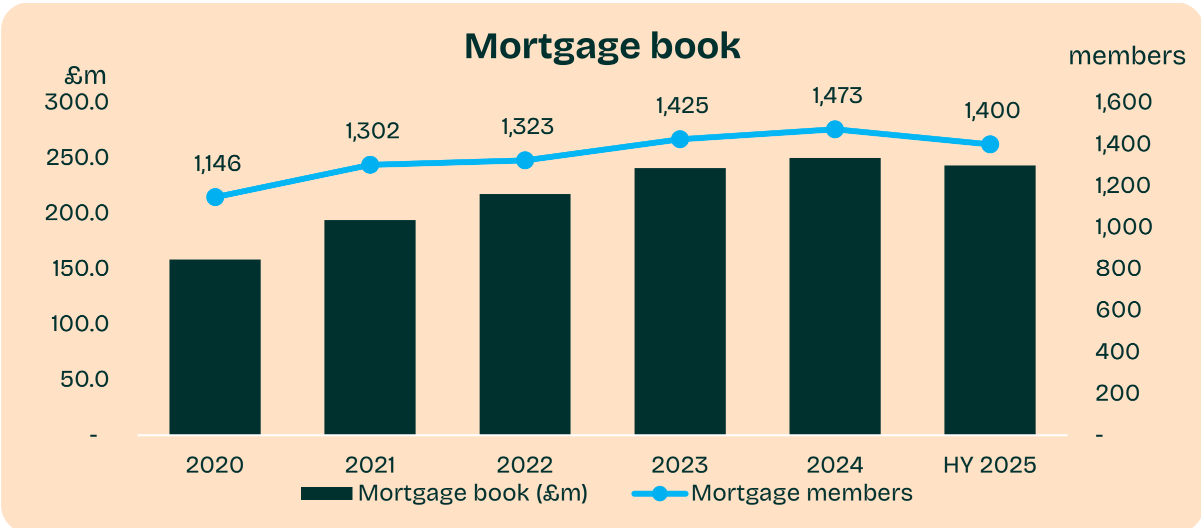
Total Assets



Throughout 2025, the Society has seen a modest increase in total assets, concluding the 2025 Half Year period at £343.6m, compared to £336.7m at 31 December 2024.

Similar to 2024, the increase in liquid assets is largely due to moderating the level of lending while the transformation of the core banking system is completed.

Mortgage Book

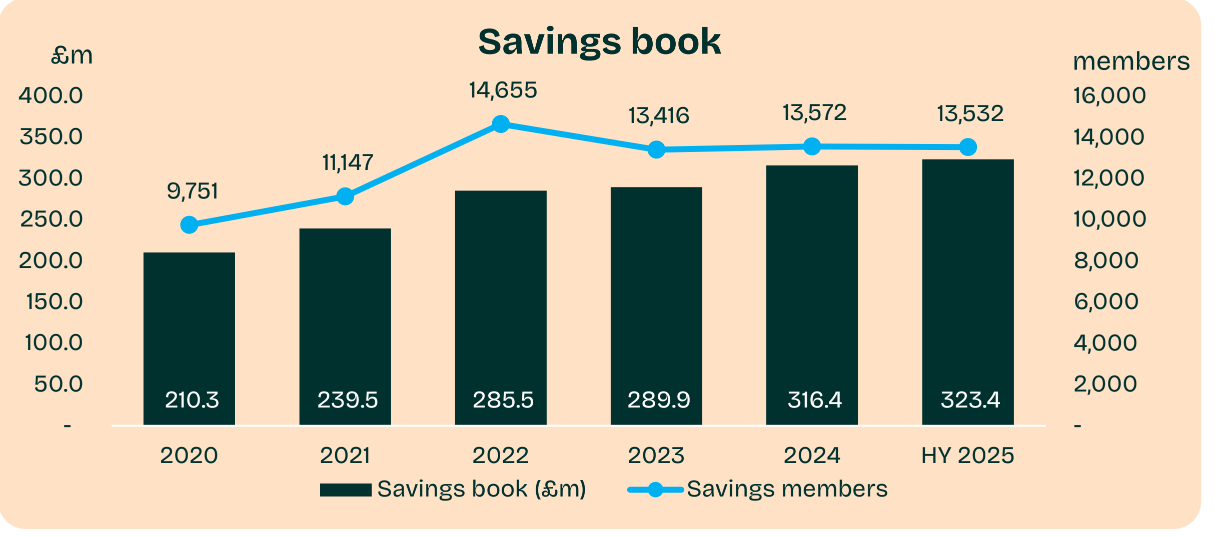


Growth in the mortgage book has slowed during 2025, as the Society deliberately moderates its planned lending activity while progressing through its digital transformation programme.

Several targeted product launches have taken place in H1, and actions have been taken to manage redemption activity, which accounts for the lending book contracting slightly.

With our Core Banking Transformation complete the Society will be positioned to ramp-up lending volumes.

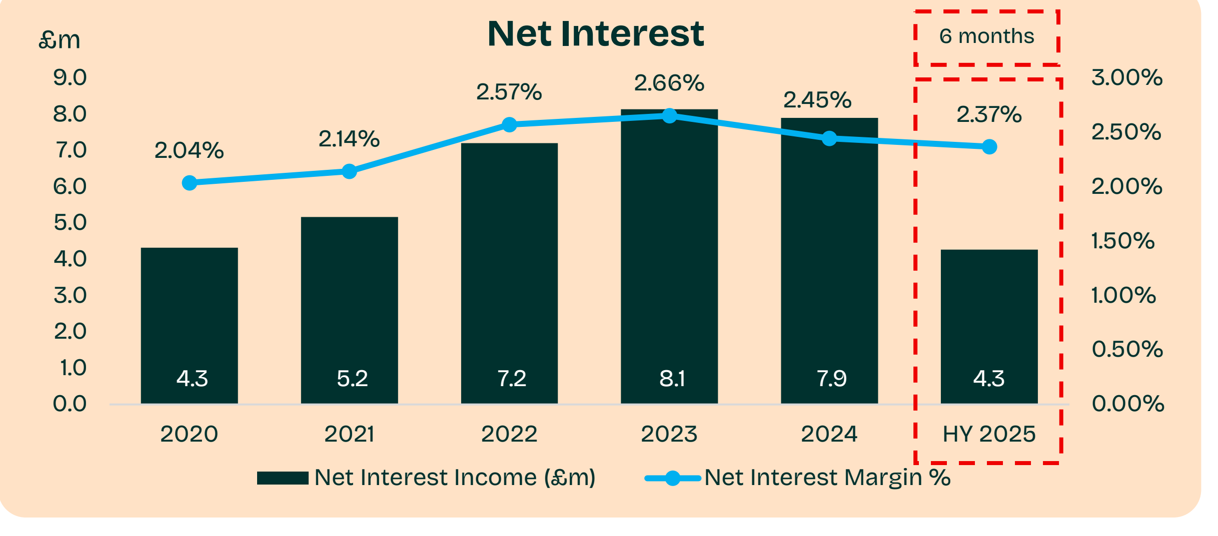
Funding Book



The total balance of the savings book grew by 2.2% as at the 2025 Half Year position, despite a modest decline in membership.

In response to a deliberately moderated mortgage book, the Society has adopted a measured approach to the pricing of its savings products. This careful strategy has supported prudent liquidity management and helped to mitigate the risk of excess funding.

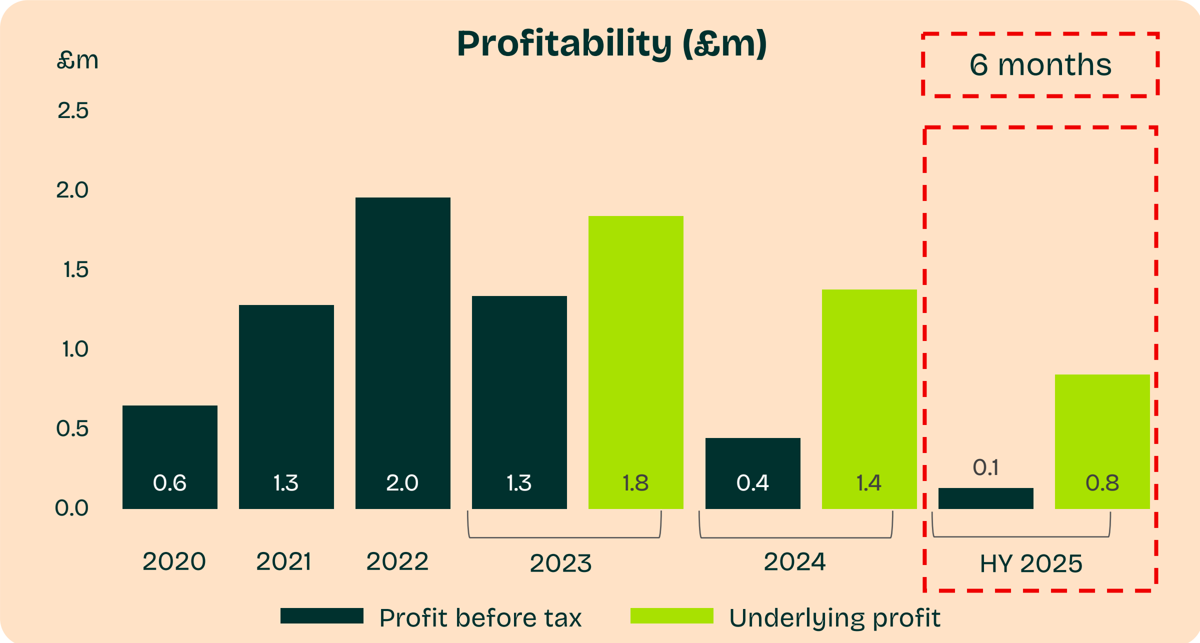
Net Interest Margin



The Society continues to take a measured approach to managing the rates offered to mortgage and savings Members throughout 2025. This reflects a dynamic backdrop of changes in the UK Bank Base Rate, evolving macroeconomic conditions, and heightened market competition.

As of the 2025 Half Year position, the Society recorded a small decline in Net Interest Margin (NIM), primarily driven by timing differences on Base Rate and a strategic decision to moderate mortgage lending. The current NIM performance is -3bps to our forecast position.

Profitability

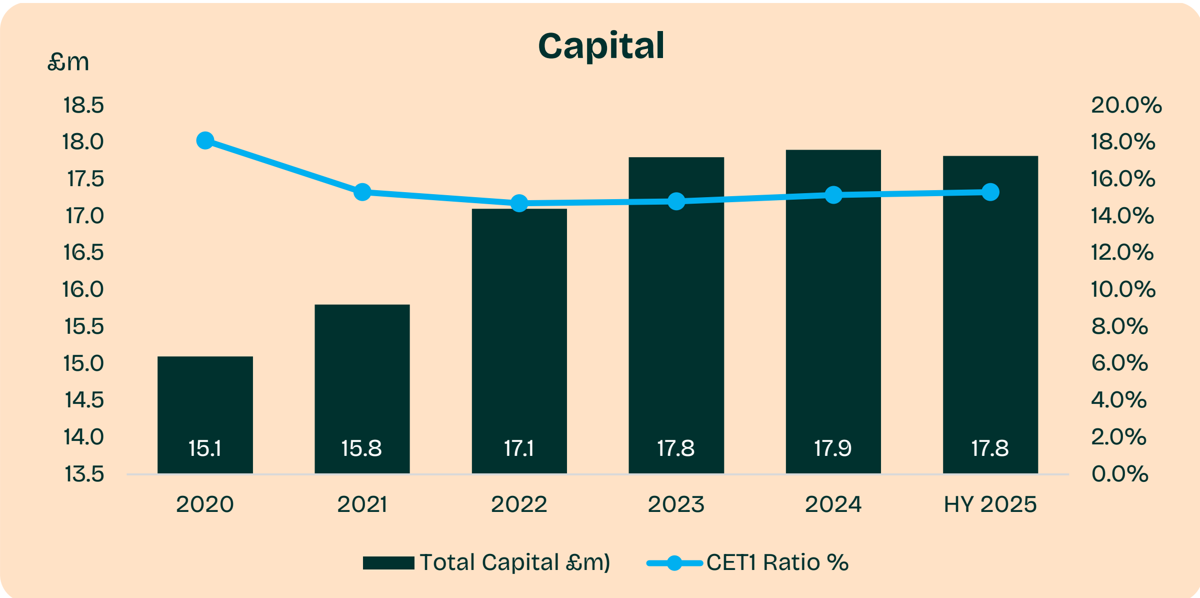


*HY-25 includes unaudited profits

Management Expenses are in line with the 2025 forecast as the Society progresses toward finalising its digital transformation programme. Throughout the project, associated costs have been subject to careful cost control and ongoing monitoring.

Profit before tax as at the 2025 Half Year was £131k, reflecting the impact of one-off transformation expenditure. Excluding these exceptional costs, underlying profit stood at £834k, broadly consistent with performance for the same period in 2024.

Capital



The Society's capital position remains strong and ahead of all internal and regulatory limits.

Risk Update

The detailed Risk Factors, described in detail within the Investor Memorandum (page 52 – 71), remain relevant. This section serves to update potential investors on any new risks which have arisen in the external and internal environment.

External Sector Risks

Whilst there have been no material changes to external sector risks, the competitive landscape has become increasingly competitive as banks and larger lenders adopt more aggressive pricing strategies. Margin constraints have led to smaller building societies, who compete in the commodity product space, being unable to effectively compete on price.

The market is expected to become even more competitive, with narrowing margins and new entrants further intensifying pressure. The prospect of a lower Bank of England Base Rate could accelerate this trend, as many mortgage providers have already begun to reduce rates in anticipation. Ecology continues to provide lending in several niche spaces, such as Self-Build, however, there is a risk that should the commodity space become unsustainable for smaller and mid-tier societies, more of them, may move into the niche spaces Ecology occupies.

It should be noted, reported house prices have increased modestly; however, there are indications sellers are reducing asking prices to compete. Whilst the house buyer market remains active, pricing sentiment remains cautious.

Internal Risk related to the Society's business, financial condition and financial performance.

No material changes to the internal risks, as articulated within the Investor Memorandum, have emerged since the original publication with the Society's risk profile remaining stable.

The ongoing embedding of the Society's Enterprise Risk Management Framework supports the Society in managing the prudential, conduct and compliance, operational and strategic risks the Society faces.

As previously noted, mortgage book growth was purposely slowed while the Society focused on its digital transformation programme. A variety of purpose-led actions are being progressed, which will support sustainable growth in a safe and responsible way, whilst enabling the Society to leverage its niche lending propositions to effectively compete in the market and maintain sustainable margins.

The Society's arrears rate remains low and better than the industry average.

Appendices

A summary of the Society's historical income and expenditure account and balance sheet has been set out below, with the addition of the unaudited Half Year position for 2025:

Statement of Comprehensive Income (£'000)	2020	2021	2022	2023	2024	HY 25
Interest Receivable	6,376	7,034	10,493	17,202	18,751	9,360
Interest Payable	(2,053)	(1,863)	(3,280)	(9,055)	(10,843)	(5,085)
Net Interest Income	**4,323**	**5,171**	**7,213**	**8,147**	**7,908**	**4,276**
Other Income and fees	(74)	(81)	(22)	3	3	(17)
Total Expenses	(3,320)	(3,835)	(5,050)	(6,760)	(7,558)	(4,128)
Impairment on investment	(180)	(75)	(12)	(25)	(126)	-
Adjustment to provisions	(98)	102	(42)	(27)	218	-
Provisions for liabilities	(3)	(1)	5	-	-	-
Provision for impairment of intangible assets	-	-	(134)	-	-	-
Profit Before Tax	**648**	**1,281**	**1,958**	**1,338**	**445**	**131**
Tax	(124)	(262)	(373)	(318)	(121)	(33)
Profit after Tax	**524**	**1,019**	**1,585**	**1,020**	**324**	**98**

Balance Sheet £'000	2020	2021	2022	2023	2024	HY 25
Mortgage Assets	158,689	194,069	217,716	241,081	250,342	243,358
Liquidity	64,830	59,781	84,059	65,710	83,425	95,102
Other Assets	2,510	2,404	2,265	2,914	2,942	5,108
Total Assets	**226,029**	**256,254**	**304,040**	**309,705**	**336,709**	**343,568**
Shares and Deposits	210,348	239,470	285,507	289,967	316,381	323,412
Amounts owed to credit institutions	-	-	-	-	1,018	-
Other Liabilities	576	986	1,439	1,913	1,451	2,341
Capital	15,105	15,798	17,094	17,825	17,859	17,815*
Total Liabilities & Capital	**226,029**	**256,254**	**304,040**	**309,705**	**336,709**	**343,568**

*Including unaudited profit to date

Key Ratios (£'000)	2020	2021	2022	2023	2024	HY 25
Lending Limit	7.30%	5.29%	4.91%	4.77%	4.46%	5.74%
Funding Limit	2.70%	2.51%	2.17%	2.01%	2.15%	1.73%
Gross Capital Ratio	7.18%	6.60%	5.99%	6.16%	5.63%	5.51%
Free Capital Ratio	6.65%	6.14%	5.72%	5.80%	5.21%	5.11%
CET 1 as a % of Risk Weighted Assets	18.09%	15.32%	14.71%	14.83%	15.14%	15.30%
Liquidity / SDL Ratio	30.82%	24.96%	29.44%	22.66%	26.28%	29.41%
Cost to Income	78.13%	75.34%	70.23%	82.93%	95.53%	96.92%
Man. Ex as a % of Mean Assets	1.57%	1.59%	1.80%	2.20%	2.34%	2.54%
Profit after Tax % of Mean Assets	0.25%	0.42%	0.57%	0.33%	0.10%	0.06%
Return on Equity	3.91%	6.59%	9.64%	5.84%	1.82%	0.55%
Leverage Ratio *	6.23%	6.69%	6.68%	6.43%	6.44%	6.61%
Asset Growth	14.1%	13.4%	18.7%	1.9%	8.7%	2.0%
Savings Book Growth	13.6%	13.9%	19.2%	1.6%	9.1%	2.2%
Mortgage Book Growth	9.4%	22.3%	12.2%	10.7%	3.8%	(2.8)%

*Leverage ratio is reported on a CRR basis in 2020, a UK basis in subsequent years.