2026 Half Year Unaudited Performance Update

Ecology Building Society

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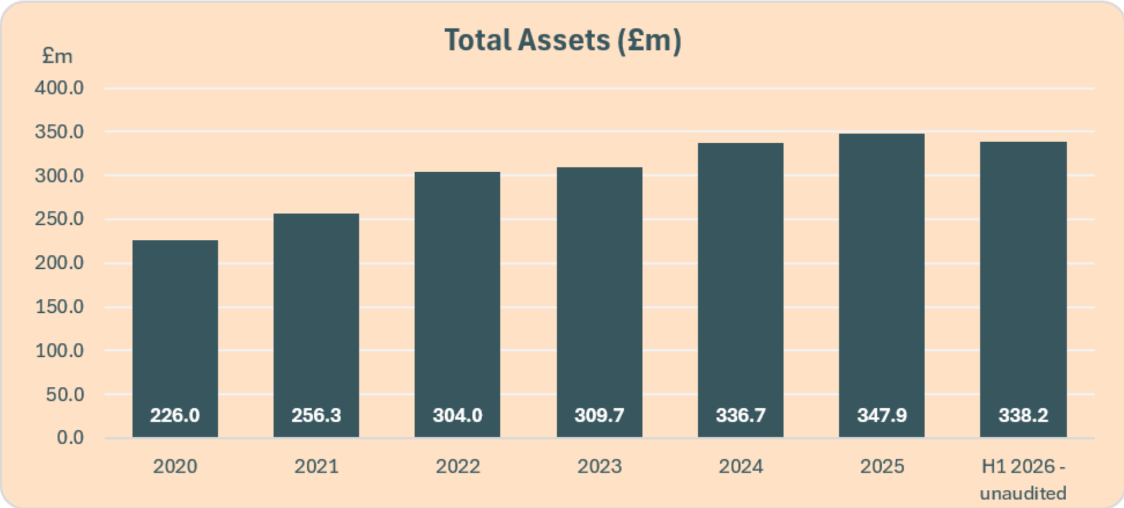
Strong capital, improving lending performance, but execution risk remains elevated following the core banking transformation. A summary of the Society's key financial information has been set out below, with the addition of the unaudited Half Year Management Accounts position for 2026:

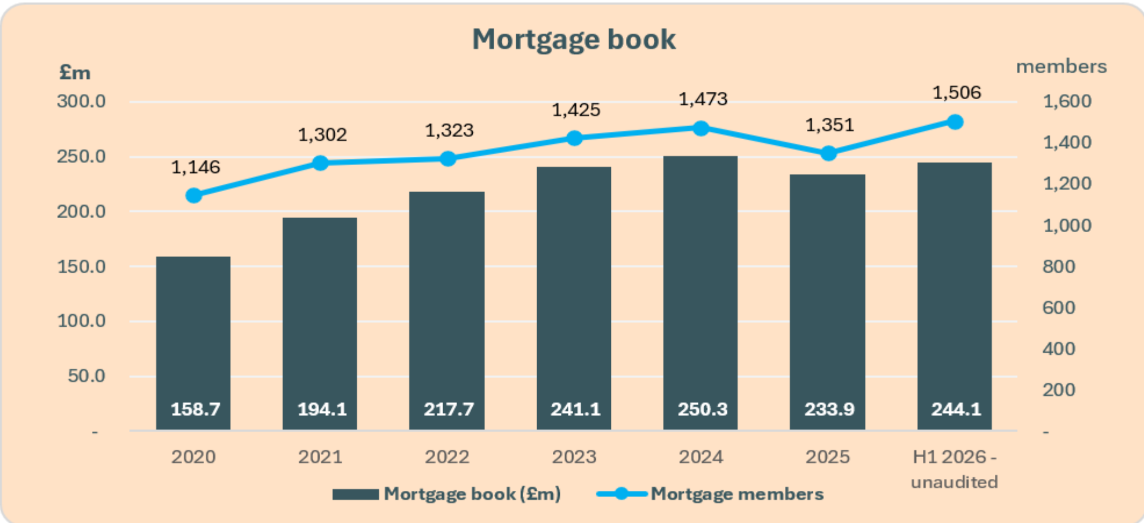
Total Assets



Throughout the first half of 2026, total assets decreased by £9.8m (2.9%), ending H1 2026 at **£338.2m**.

This primarily reflects the planned deployment of surplus liquidity into mortgage lending following the successful completion of the Society's digital transformation programme. While savings balances reduced modestly in a competitive market environment, liquidity remained strong and comfortably above all internal and regulatory requirements.

Mortgage Book

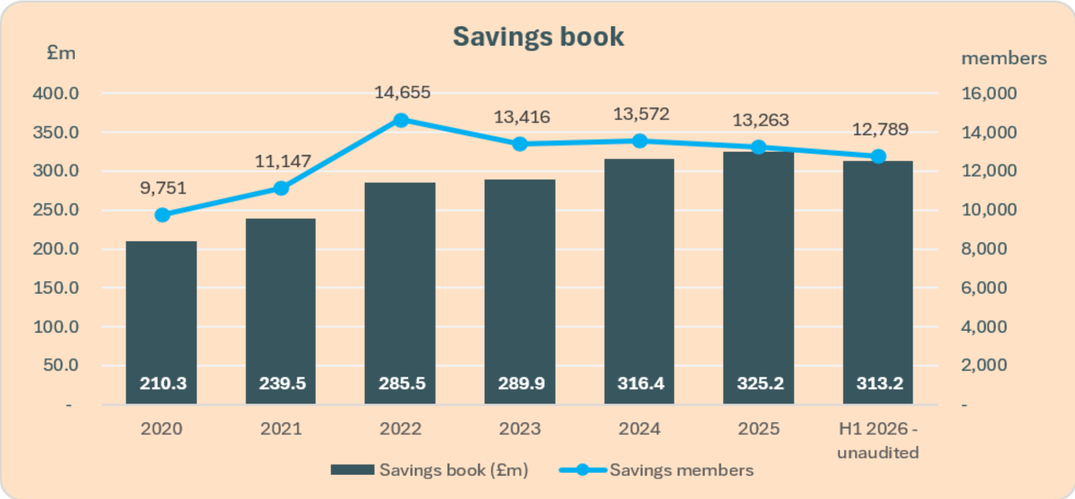


The mortgage book grew by 4.4% during H1 2026 to **£244.1m**, reflecting a return to growth following the completion of the Society's digital transformation programme. Enhanced operational capability has supported increased lending activity and the launch of new products.

The Society continues to develop its lending proposition to meet members' (and future members') evolving needs, including increased maximum loan sizes, expanded LTV bands and the exploration of products tailored to specific member segments.

The mortgage pipeline has more than doubled since December 2025, providing strong momentum and positioning the Society well for further lending growth during H2 2026.

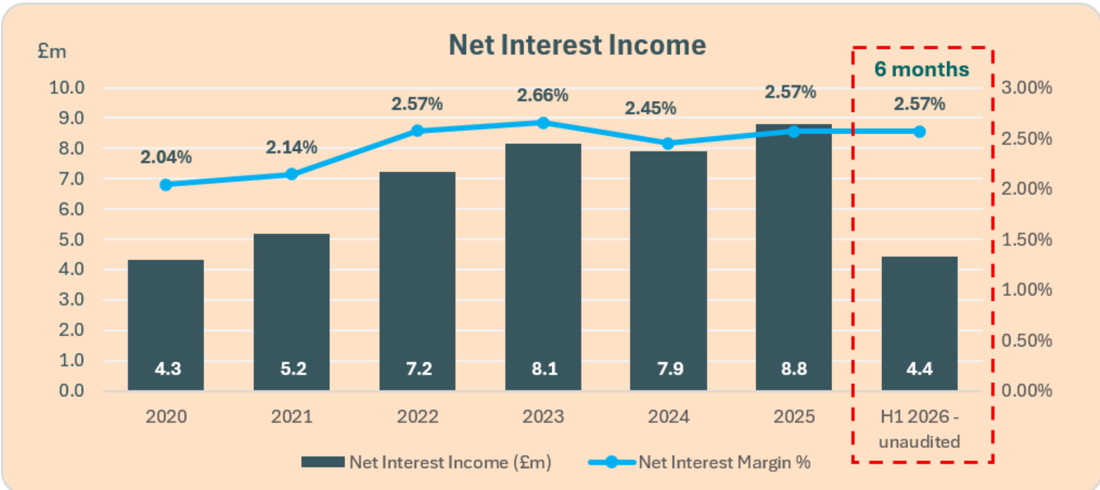
Funding Book



The savings book reduced by 3.7% during H1 2026 to **£313.2m**, reflecting a deliberate pricing strategy during a period of elevated liquidity and intense competition within the retail savings market.

As lending growth has accelerated, the Society has enhanced its savings proposition through targeted pricing and new product launches. These actions are expected to support savings growth during H2 2026 and provide sustainable funding for continued expansion of the mortgage book.

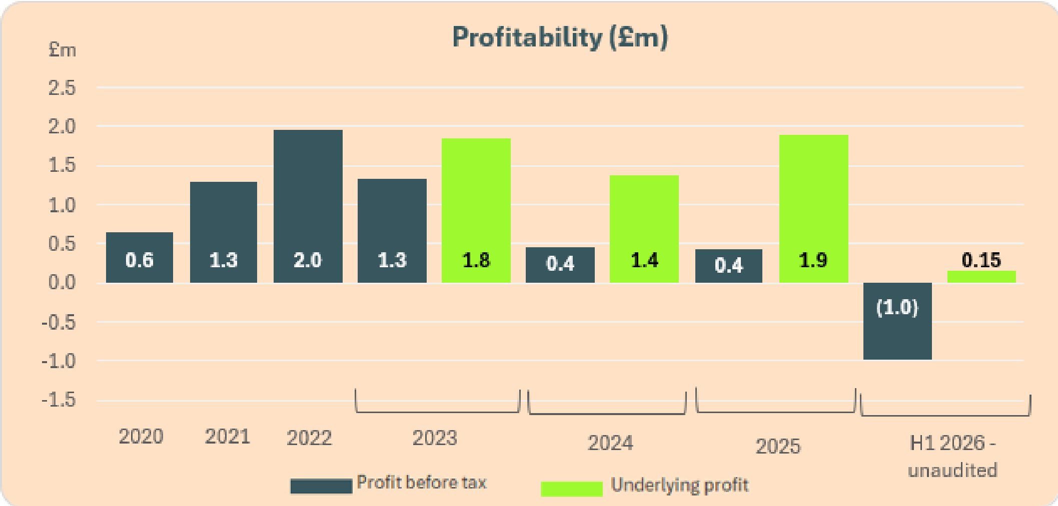
Net Interest Margin



Annualised Net Interest Margin (NIM) of **2.57%** was consistent with the level achieved in 2025, reflecting resilient underlying earnings despite a competitive market environment.

Looking ahead, the Society expects some modest pressure on margins, primarily reflecting continued competition for retail deposits as savings rates remain attractive. The Society remains focused on disciplined pricing and balance sheet management and will continue to actively manage pricing across both mortgages and savings, balancing member value, sustainable growth and profitability while maintaining prudent liquidity and capital positions.

Profitability



The Society delivered an unaudited **underlying profit of £149k** in H1 2026, reflecting the resilience of the underlying business despite a period of significant strategic investment.

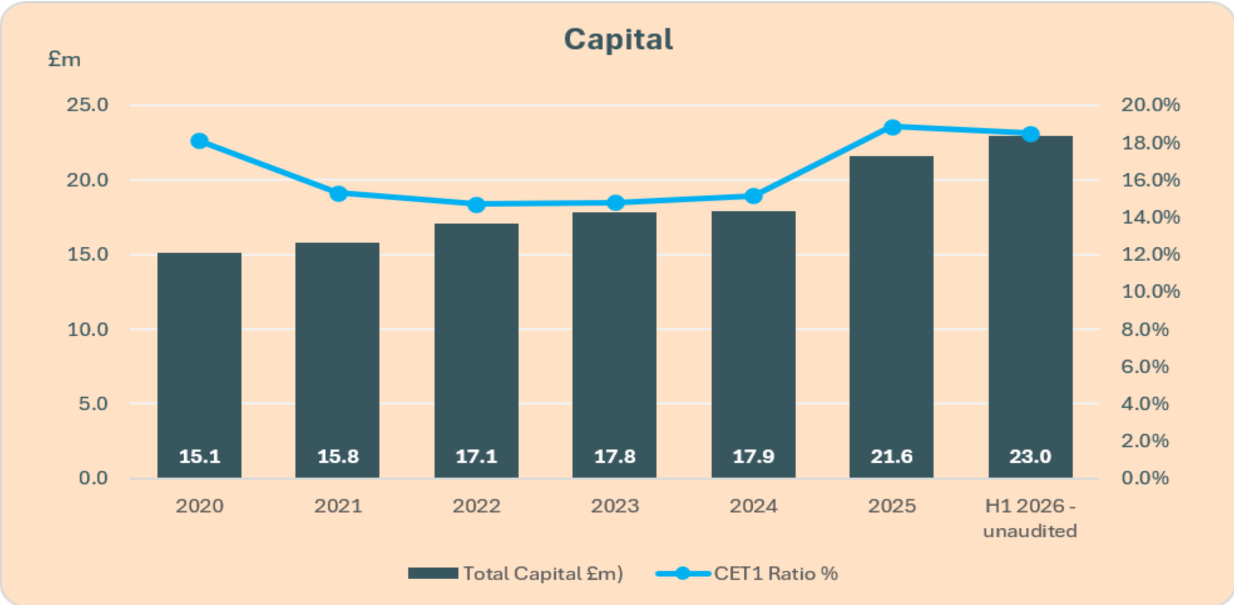
Reported loss before tax (unaudited) was **£(991)k**, primarily reflecting costs associated with the completion and stabilisation of the Society's planned digital transformation programme, including system implementation, enhanced operational controls, and specialist support.

The result also reflects investment in the Society's first branch in Porth. The branch has been established to provide access to essential face-to-face financial services within a community that has experienced a significant reduction in local banking provision, supporting financial inclusion and reinforcing the Society's commitment to delivering positive social impact alongside sustainable financial performance.

Underlying management expenses remained favourable to the 2026 Annual Operating Plan at June, demonstrating continued cost discipline across the Society. The Society also benefited from a release of impairment provisions following the redemption of previously underperforming loans, contributing to an improvement in the overall credit quality of the mortgage portfolio.

Excluding transformation and other non-recurring costs, underlying trading performance remained positive. Management expects these elevated costs to reduce as the transformation programme matures and operations normalise, with the benefits of these investments expected to support a return to more normalised profitability in 2027.

Capital



Note: 2026 includes unaudited profits

The Society's capital position remains strong and comfortably ahead of all internal risk appetite measures and regulatory requirements.

Following the successful issuance of £4.1m of CCDS in 2025 and a further £2.9m in February 2026, total CCDS balances now stand at **£10.0m**. This additional capital has further strengthened the Society's financial resilience, enhanced its capacity to support growth in the mortgage book and provided a firm foundation for the successful completion of the Society's transformation programme.

Despite the reported loss in H1 2026, capital ratios remain robust, with a Gross Capital Ratio of **7.33%** (£7.33 of gross capital for every £100 of shares, deposits and liabilities) and a CET1 ratio of **18.49%**. The Board remains confident that the Society is well positioned to support future growth opportunities, absorb potential uncertainties and continue delivering value to members and investors.

Unaudited Financial Information

The information contained within this update has been derived from unaudited management accounts. Certain data validation and reconciliation activities remain ongoing following the implementation of the Society's new core banking platform and, accordingly, reported figures may be subject to change.

Following completion of the digital transformation programme, the Society continues to undertake data validation and reconciliation activities to further strengthen financial and regulatory reporting processes. While management believes the figures presented provide a fair representation of the Society's underlying performance and financial position, certain review activities remain ongoing and the reported results therefore remain subject to finalisation.

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Risk Update – June 2026

The assessment below provides an update on key risk developments during the first half of 2026.

External Sector Risks

Geopolitical uncertainty remains elevated due to the continuing conflict in Ukraine, instability across parts of the Middle East and ongoing global trade tensions. These factors continue to create potential risks through market volatility, inflationary pressures, supply chain disruption and heightened cyber security threats. Direct impacts remain limited, although the Society continues to monitor developments closely and assess any indirect consequences for members, operations, and financial performance.

Market conditions remain highly competitive, with ongoing margin pressure across both mortgage and savings products. The reduction in Bank Rate during 2025 from 4.75% to 3.75%, with rates remaining stable during H1 2026, accelerated repricing across the market, while larger lenders have continued to deploy their scale and liquidity advantages to support competitive pricing.

The UK housing market has remained broadly resilient despite continued affordability pressures and economic uncertainty. The Society continues to monitor developments in house prices, mortgage affordability, and borrower resilience, recognising that prolonged economic uncertainty could adversely affect lending demand and member confidence.

Internal Risks Related to Business Performance and Operations

The Society's overall risk profile remains stable, although management attention during H1 2026 has been focused on the completion and stabilisation of the digital transformation programme and the management of associated operational, conduct and financial risks. Following the successful migration to the new core banking platform, customer service performance has returned to business-as-usual levels, with complaints, service metrics and response times operating within appetite. Initial post-migration defects continue to be actively managed and resolved in partnership with the Society's technology providers.

As part of the post-implementation review of the Society's core banking transformation programme, a number of mortgage servicing process issues were identified and are being addressed. The Society has implemented enhanced controls, monitoring and assurance activities while remediation actions are progressed.

A dedicated programme has been established to ensure the timely resolution of these matters and to support good customer outcomes. The Board and Executive continue to receive regular reporting on progress and remain satisfied that appropriate resources and governance arrangements are in place to manage the resolution process.

The financial impact of these issues is not currently expected to be material to the Society's capital strength, liquidity position or long-term financial resilience. However, profitability in H1 2026 was affected by higher than anticipated management expenses arising from the implementation and stabilisation of the new core banking platform, together with the additional specialist support, operational resource and control activity required to manage post-transformation matters. As a result, the Society reported an unaudited loss before tax of £0.991m for the six months ended 30 June 2026, although underlying trading performance remained positive, generating an underlying profit of £149k. The Society's capital position remains strong, with total capital of £23.0m, a Gross Capital Ratio of

7.33% and a CET1 ratio of 18.49%, providing substantial capacity to absorb any future remediation costs while continuing to support growth and strategic investment. Based on work completed to date, management does not currently anticipate a material impact on the Society's solvency, liquidity position or ability to deliver its strategic objectives.

The Society continues to strengthen and embed its Enterprise Risk Management Framework, supporting effective oversight of prudential, conduct, operational and strategic risks. Credit quality remains strong, with arrears performance continuing to compare favourably to industry averages, reflecting prudent underwriting standards and proactive customer engagement. Management continues to monitor affordability pressures and wider economic conditions closely, although no material deterioration in underlying credit quality has been observed during the period.

The Society's Pioneer Branch, launched in April 2026, continues to operate successfully with appropriate governance and controls in place. Customer engagement is developing steadily, supported by ongoing enhancements to products and customer journeys, reinforcing the Society's commitment to improving access to banking services and supporting local communities.

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Appendices

A summary of the Society's historical income and expenditure account and balance sheet is set out below, with the addition of the unaudited Half Year position for 2026 (6 months to the end of June 2026):

Statement of Comprehensive Income (£'000)	2020	2021	2022	2023	2024	2025	H1 2026 unaudited
Interest Receivable	6,376	7,034	10,493	17,202	18,751	18,392	8,501
Interest Payable	(2,053)	(1,863)	(3,280)	(9,055)	(10,843)	(9,597)	(4,060)
Net Interest Income	**4,323**	**5,171**	**7,213**	**8,147**	**7,908**	**8,795**	**4,440**
Other Income and fees	(74)	(81)	(22)	3	3	2	(28)
Total Expenses	(3,320)	(3,835)	(5,050)	(6,760)	(7,558)	(8,271)	(5,468)
Impairment on investment	(180)	(75)	(12)	(25)	(126)	(51)	-
Adjustment to provisions	(98)	102	(42)	(27)	218	39	65
Provisions for liabilities	(3)	(1)	5	-	-	-	-
Provision for impairment of intangible assets	-	-	(134)	-	-	(96)	-
Profit Before Tax	**648**	**1,281**	**1,958**	**1,338**	**445**	**418**	**(991)**
Tax	(124)	(262)	(373)	(318)	(121)	(112)	-
Profit after Tax	**524**	**1,019**	**1,585**	**1,020**	**324**	**306**	**(991)**

Balance Sheet £'000	2020	2021	2022	2023	2024	2025	H1 2026 unaudited
Mortgage Assets	158,689	194,069	217,716	241,081	250,342	233,867	244,122
Liquidity	64,830	59,781	84,059	65,710	83,425	107,913	87,986
Other Assets	2,510	2,404	2,265	2,914	2,942	6,152	6,052
Total Assets	**226,029**	**256,254**	**304,040**	**309,705**	**336,709**	**347,932**	**338,161**
Shares and Deposits	210,348	239,470	285,507	289,967	316,381	325,162	313,183
Amounts owed to credit institutions	-	-	-	-	1,018	-	-
Other Liabilities	576	986	1,439	1,913	1,451	1,200	2,016
Capital	15,105	15,798	17,094	17,825	17,859	21,570	22,961
Total Liabilities & Capital	**226,029**	**256,254**	**304,040**	**309,705**	**336,709**	**347,932**	**338,161**

*Including unaudited profit to date

Key Ratios (£'000)	2020	2021	2022	2023	2024	2025	H1 2026 unaudited
Lending Limit	7.30%	5.29%	4.91%	4.77%	4.46%	6.24%	5.77%
Funding Limit	2.70%	2.51%	2.17%	2.01%	2.15%	1.53%	2.35%
Gross Capital Ratio	7.18%	6.60%	5.99%	6.16%	5.63%	6.63%	7.33%
Free Capital Ratio	6.65%	6.14%	5.72%	5.80%	5.21%	6.23%	6.78%
CET1 as % of Risk Weighted Assets	18.09%	15.32%	14.71%	14.83%	15.14%	18.86%	18.49%
Liquidity / SDL Ratio	30.82%	24.96%	29.44%	22.66%	26.28%	33.19%	28.09%
Cost to Income	78.1%	75.3%	70.2%	82.9%	95.5%	94.0%	123.9%
Manex as a % of Mean Assets	1.57%	1.59%	1.80%	2.20%	2.34%	2.42%	2.90%**
Underlying Manex % of Mean Assets	1.57%	1.59%	1.80%	2.04%	2.05%	1.98%	2.54%**
Profit after Tax % of Mean Assets	0.25%	0.42%	0.57%	0.33%	0.10%	0.09%	-0.39%
Return on Equity	3.91%	6.59%	9.64%	5.84%	1.82%	1.55%	-4.45%
Leverage Ratio *	6.23%	6.69%	6.68%	6.43%	6.44%	8.11%	7.99%

Key Ratios (£'000)	2020	2021	2022	2023	2024	2025	H1 2026 unaudited
Asset Growth	14.1%	13.4%	18.7%	1.9%	8.7%	3.2%	-2.9%
Savings Book Growth	13.6%	13.9%	19.2%	1.6%	9.1%	2.8%	-3.7%
Mortgage Book Growth	9.4%	22.3%	12.2%	10.7%	3.8%	-6.6%	4.4%

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