2025
Our Year in Review

Annual Review &
Summary Financial Statement

Penrith
building society

Contents

Join us at our AGM

10am
Thursday 23 April

Penrith Parish Centre,
St Andrew's Place,
Penrith, Cumbria
CA11 7XX

Year at a Glance - 2025 Highlights

9,500+ **Members**

19% **Savings Growth**

25% **Mortgage Growth**

4.8/5 **Feefo Customer Rating**

18 **Local charities and community groups supported**

Message from our Chair
Rod Ashley

Dear Members

I am pleased to present our Annual Review for the year ended 31st December 2025.

Hopefully as many members as possible will take the opportunity to attend our Annual General Meeting, which will take place at 10.00am on Thursday 23rd April at the Penrith Parish Centre, in St Andrew's Place. I look forward to seeing you there.

2025 was another successful year for the Society with strong growth in our membership, helping us to support the home ownership and the savings goals of more members than ever before.

It was also a year when we began a significant period of investment to upgrade the technology platform the Society uses, to ensure we are able to operate successfully in the increasingly digital world we are living in.

As a result of this investment, the Society recorded a loss in the year, following many profitable years that have helped to build up our reserves and enable us to afford this important and much needed investment programme. The underlying performance of the business is very positive and the Directors are confident that we will emerge from this period of investment as a stronger and more robust Society, better able to meet the needs of current and future members. More information on our investment programme and the 2025 financial performance is included in the Summary Financial Statement documents.

I am delighted that the Society has continued to support so many good local causes during 2025 and that we are able to continue to offer employment opportunities for local people, with two apprentices completing their courses and moving into full-time positions with us and three new apprentices joining during the year. Again, more information about our community support and the development of colleagues is included later on in this review.

I would like to thank the whole team at the Society, as well as my fellow Directors, for their ongoing contribution to the Society. We are living in a time of political volatility and economic uncertainty but I am confident the Society will be able to navigate its way successfully through this period and will continue to serve its members with the same commitment, determination and success it has demonstrated for the last 149 years.

Rod Ashley

Message from our Chief Executive

Zack Hocking

2025 was a record year for Penrith Building Society ('the Society'), with our highest ever level of mortgage lending helping more members achieve their goal of home ownership.

This achievement took place against the backdrop of a volatile global political environment; a subdued UK economy; and a highly competitive mortgage and savings market.

It is thanks to the efforts of all the colleagues at the Society that we were able to navigate the political, economic and market challenges and deliver such a strong year of mortgage and savings balance growth.

One of the drivers of our growth in 2025 was a new partnership with a specialist mortgage business called Generation Home, who have developed a market leading range of offerings for first time buyers who need the support of family and friends to provide the deposit for their home or help with ongoing monthly payments, or both. These solutions are a great response to the affordability challenges many potential homebuyers face and bringing small groups of people together to help someone buy their first home is extremely well aligned to the ethos of a building society. We look forward to this partnership continuing in 2026.

Despite the subdued level of economic growth and the rising level of unemployment, the UK housing market remained extremely resilient, with activity increasing over the previous year and levels of arrears remaining extremely low. This was helped by the reductions in the Bank of England Base Rate, which resulted in mortgage rates across the market falling, which, in turn, helped improve the affordability of mortgage payments.

We expect interest rates to continue to fall in 2026 as we move closer to the target level of 2% inflation, and we are very mindful that changes that benefit borrowers will inevitably mean changes that disadvantage savers.

We benchmark the rates on our savings products to the wider market and where data is readily available, such as for access savings accounts, members can be assured that our rates are comfortably above the average rates paid in the UK savings market and we expect this to continue to be the case in 2026.

I am pleased that our Feefo customer rating stands at an excellent 4.8 out of 5 and we will work hard to maintain and improve our service to members and brokers over the coming 12 months.

It was great to see more than 400 responses to the member survey we undertook in September. Thank you to all those who took the time to share their views, it is a great way of helping us understand what is important to members and what we should be focusing our efforts on.

A key message for us was to keep doing what members already value – which is providing our personal service and to keep our branch open and our opening hours unchanged. We understand the value our members place on being able to access face to face services and to speak to a supportive and knowledgeable person on the telephone and we are pleased to commit to maintaining our branch services as well as our telephony support. We have increased the size of the customer service team over the last 12 months to ensure we can continue to deliver the personal service we know you value.

Another key message we received from the member survey was the importance of improving our digital services. Our current digital offering has become increasingly popular over the last 12 months, but we know it does not deliver the experience or have capabilities that the high street banks are able to offer.

As I highlighted in last year's Annual Report, we have embarked on a three year programme to replace our core banking platform (the technology system we use to operate and manage our Society) and an important part of this development is the introduction of new and improved digital capabilities, which will significantly improve the member experience of managing savings and mortgage accounts online.

The programme to replace our core banking platform is the biggest project the Society has undertaken in our history. It represents a very significant investment over the three-year period 2025-27 and as a result of this investment we will see material costs in each of these years.

These costs are likely to lead to the Society recording a loss in 2026 and 2027, as we have done in 2025, although we expect to be able to be trade profitably at an underlying level (i.e. after excluding these non-recurring costs) and return to full profitability in 2028.

We consider this to be a 'once in a generation' level of investment for the Society and it is thanks to the capital reserves we have built up over many years that we can make this investment and ensure we emerge at the end of the programme as a modern, robust and resilient Society.

Further detail on our financial performance is set out on the following pages.

I would like to thank everyone at the Society for their hard work and ongoing commitment to serving our members and I would like to thank all our members for their continued support of the Society.

Zack Hocking

Building Futures Through Local Talent

At Penrith Building Society, our community has always been at the heart of everything we do. Supporting local people and helping them build meaningful, long-term careers remains a key part of our purpose and our plans for the future.

One of the most important ways we deliver on this commitment is through our apprenticeship programme. Designed to nurture and develop local talent, the programme plays a vital role in strengthening both our organisation and the wider Penrith community.

Every two years, we recruit two apprentices from the local area, offering them the opportunity to gain practical experience while working towards recognised professional qualifications. Each apprenticeship typically lasts around two years and combines hands-on learning with structured development, equipping participants with the skills, confidence and knowledge needed to succeed within the financial sector and beyond.

Our investment in people continues well beyond the completion of an apprenticeship. We actively support colleagues who wish to pursue further professional qualifications and provide clear career development pathways across the Society. Wherever possible, vacancies are filled locally before being advertised more widely, reflecting our strong belief in developing talent from within our own community.

Apprentices have become an integral part of Penrith Building Society, bringing enthusiasm, fresh perspectives and new ideas across all areas of the organisation. Many have progressed into permanent roles and taken on increased responsibilities, contributing to the continued success of the Society.

Last year, we welcomed three new apprentices, Maddison Glaister, Will Domville and Charlotte Savage, who are developing their skills across our Branch, Operations and Finance teams.

Looking ahead, we remain focused on building strong futures for our people and our community, with investment in people central to our continued success.


Apprentices Charlotte and Will

Refreshing Our Values

Towards the end of 2025, we refreshed our values to ensure they continue to reflect who we are and how we serve you, our members. As our Society evolves, it's important that the principles guiding our decisions, behaviours and ambitions genuinely represent both our culture and our commitment to you.

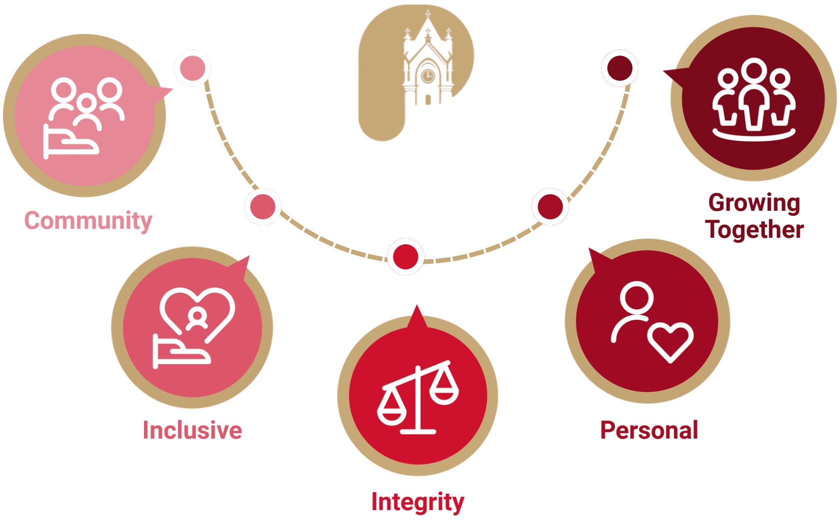
This was a colleague-led process, supported by our Colleague Engagement team and open to anyone who wanted to contribute. Colleagues from across the Society shared ideas, reflected on what makes us proud, and challenged us to think about how we can be even better. The conversations were thoughtful and honest, sometimes stretching us, but always positive and energising.

The outcome is a set of values that feel authentic and meaningful:

- **Community** – We support, care and make a difference.
- **Inclusive** – We are one team, accessible to all.
- **Integrity** – We act responsibly, keep our promises and do the right thing.
- **Personal** – Our members are people, not numbers. We listen, help and act with empathy.
- **Growing Together** – We embrace change with courage and curiosity, always learning and improving.

These values reflect how we work together as colleagues and, most importantly, how we show up for you. They guide how we make decisions, how we support our communities, and how we continue to grow and improve.

As we look ahead, they provide a strong foundation for the next chapter of our Society's journey - ensuring that, whatever changes around us, our commitment to you remains at the heart of everything we do.



Committed to Our Community

Being part of the community is central to Penrith Building Society's purpose. During 2025, we continued to support local people, charities and organisations through financial contributions, volunteering, fundraising and partnership working.

Our Colleague Engagement team awarded monthly donations of £250 to a range of local good causes, while members also supported community initiatives through the Annual General Meeting donation to the Brougham Hall Restoration Fund. We were also pleased to continue our work with the Centre for Leadership Performance's Bright Stars programme, working alongside Clifton Primary School to support the development of young people in the local area.

Colleagues were encouraged to play an active role in community life, with two paid volunteering days available each year and matched fundraising of up to £250 per person. During the year, teams took part in a number of fundraising activities, including the Derwentwater Walk, which raised over £600 for Eden Animal Rescue.

We supported a wide range of community activities and organisations, including sponsorship of Penrith AFC Ladies Football Team and other local events and initiatives that promote wellbeing, participation and connection across the region.

Our Affinity Savings Accounts continue to provide members with a way to support local charities through their savings. During 2025, £7,984 was donated through Affinity Accounts to a range of local causes, helping to ensure our members' savings deliver wider community benefit.

By putting community at the heart of everything we do, we remain committed to making a positive and lasting difference across the areas we serve.

Operations Manager Tom with Penrith AFC Ladies Football Team


concept 2


North Air Ambulance Service
Drigg Young Farmers Club
Est. 1943


concept 2


Guide Dogs


Eden Animal Rescue
Centre
Opened 25 9 2016
by
Freddie Wilson

New HMRC Requirement for Savers

From April 2027, HMRC will require all savings providers to collect National Insurance (NI) numbers from their customers.

This change is designed to help HMRC match savings interest to the correct taxpayer more accurately, as some of the information currently received is difficult to match.

By using NI numbers as a unique identifier, HMRC will be able to automate how tax on savings interest is collected. This means that, if you earn interest above your Personal Savings Allowance, any tax due can be collected directly through your tax code, reducing the need for self-assessment tax returns.

These changes are part of a wider effort by HMRC to reduce errors, prevent fraud, and make the tax system easier and more efficient for everyone.

How can you provide us with your National Insurance Number?

There are a number of ways you can provide us with your National Insurance Number:

- Call into Branch and let us know
- Give us a call on 01768 863675
- Send an email to support@penrithbuildingsociety.co.uk
- Send us a message via your Penrith Online portal

Strategic Business Review 2025

We consider our reason for being as part of our strategy discussions each year and define our purpose and vision as follows:

Our purpose - is to enable the home ownership aspirations and savings goals of our members.

Our vision - is to be a thriving, modern and sustainable Society. We want to be a great place for all of us to work, grow and develop; and we want to make an increasing contribution to the communities we operate in.

Our principal business objectives are the provision of mortgage finance for residential property, savings products for private individuals and local businesses and related services.

Our primary business objectives:

- To maintain robust operational systems and processes and ensure risks are managed within risk appetite.
- To achieve the Board agreed commercial and financial targets.
- To ensure we deliver year on year improvement in our service experience to members and brokers.
- To ensure the Society is a great place for colleagues to work, grow and develop.
- To maximise the positive contribution we make to our local community and minimise our impact on the environment.

We refreshed our internal values during the year to align with both our purpose and vision, to help shape our culture and to provide a common language and understanding of how we want to work.

As guided in last year's Annual Report, we recorded a net loss in 2025 following a year of transformation and growth marked by continued investment in both our people and technology to support our sustainability. Although we are reporting a loss, we increased our net interest income year on year, despite sustained pressure on net interest margin as interest rates declined. This performance was supported by higher mortgage lending volumes, driven in part by our partnership with Generation Home.

We grew both sides of the balance sheet, driven by an expansion of products offered through our online savings channel. This growth was supported by a shift in member preferences towards longer term fixed-rate deposits.

Looking ahead, we have laid the foundations for our remaining transformation journey, which is expected to conclude in 2027. Throughout this period, we aim to deliver operating profits excluding costs associated with strategic change. Transformation related costs have been separately highlighted to demonstrate their impact on our financial performance in the current year.

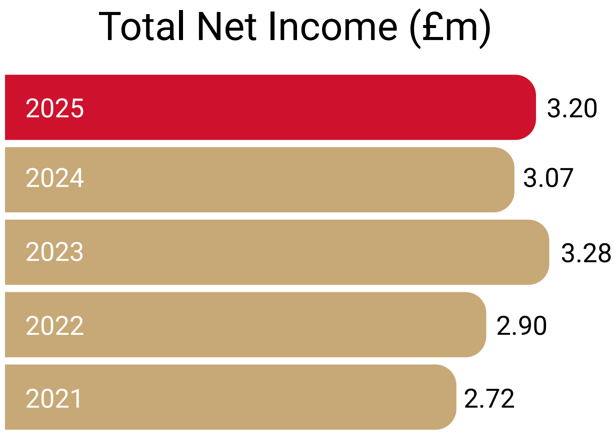
Key Performance Indicators

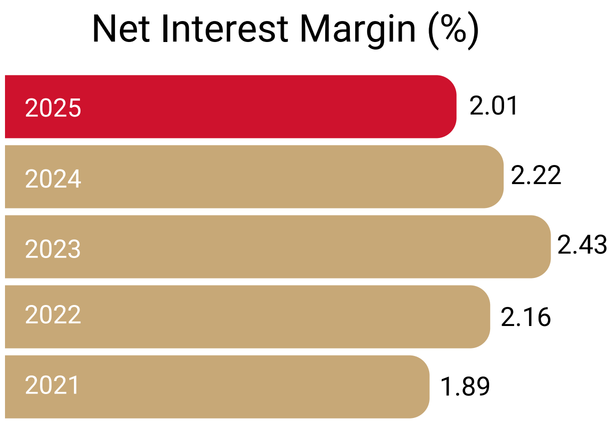
We use a number of key performance indicators to measure and monitor our progress on an ongoing basis. These are summarised and explained below, with the accompanying graphs showing the trend in these metrics over the past five years.

Income and Expenditure

We made a loss for the year after taxation of £0.39m (2024: Profit £0.09m).

Total net income increased to £3.20m (2024: £3.07m). Interest income rose across both mortgage and treasury assets, driven primarily by growth in the mortgage book through our partnership with Generation Home. However, this was offset by higher interest paid on savings balances, particularly fixed-term deposits, where rates have not reduced in line with the falling Bank of England base rates. As a result, total net income growth was constrained and the net interest margin reduced to 2.01% (2024: 2.22%).





We reduced our SVR once in 2025, which we reflected on from the perspective of both our saving and borrowing members, to ensure we were fair in our approach, remaining competitive in the market, but also managing pressures we were seeing to our interest margin.

Management expenses, including depreciation, increased to £3.61m (2024: £3.04m). Management expenses expressed as a ratio of mean total assets rose to 2.27% (2024: 2.20%). The increase includes £0.3m (2024: Nil) of strategic transformation costs. These costs largely relate to technology spend associated with the replacement of our core banking platform.

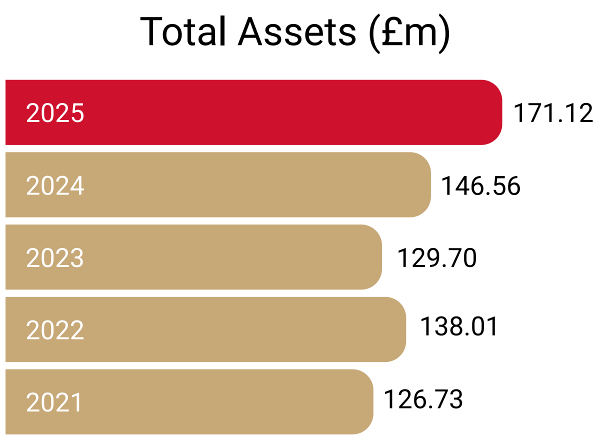
We increased our staffing resources during 2025, ensuring we are well positioned to support future growth. This investment has focused on securing the right skills and capabilities across the business, recruiting locally at senior and apprentice level wherever possible, to help deliver our strategic change and transformation plans.

We remain committed to developing our own talent and, during 2025, saw continued success in the academic and professional qualifications achieved by our colleagues, particularly through our apprenticeships.

	2025 £	2024 £
Administrative expenses before strategic transformation costs	(3,199,545)	(2,910,592)
Depreciation and amortisation	(99,110)	(129,450)
Management expenses excluding strategic transformation and one off items	(3,298,655)	(3,040,042)
Strategic transformation costs	(300,186)	-
Disposal of fixed assets	(32,660)	(213)
Total Management Expenses	(3,631,501)	(3,040,255)

Total assets

In 2025 we achieved an increase in total assets of 16.77% (2024: 13.00%). This was driven largely by our partnership with Generation Home as part of our strategic focus to help more first-time buyers achieve their goal of home ownership. This allowed us to grow our overall mortgage assets by 25.09% (2024: 10.29%) with our organic growth representing 6% of this total, where we focused on lending in our target markets of self-employed, self-build, expatriates and local borrowers with unique circumstances from first-time buyers to multi-generational living.



Our mortgage retention activity has been strong, and although we experienced an increase in overall redemptions, this was largely from borrowers redeeming mortgages following property sales or using surplus funds to repay their mortgages in full.

We advanced 235 (2024: 148) new loans at a total value of £48.14m (2024: £26.22m), of which seven were further advances (2024: ten). Direct business represented 5% (2024: 7%) of organic lending.

The UK housing market in 2026 is expected to remain broadly stable, with modest house price growth supported by the prospect of further interest rate reductions. Market activity is likely to be steady, reflecting cautious but improving sentiment among buyers and sellers.

The Bank base rate reduced by 1.0% over four reductions in 2025. In response, we reduced our Standard Variable Rate in July 2025 and implemented selective reductions across savings products.

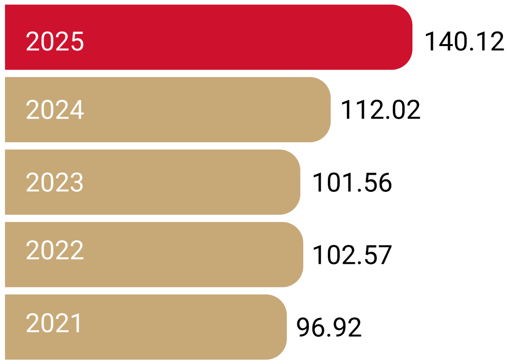
To support the mortgage activity we grew our savings balances by 17.29% (2024: 14.47%), driven by the expansion of our product offering and increased member reach through our digital savings channel. There was particularly strong take-up of our fixed-rate bond products, as members sought to secure attractive interest rates by locking in their savings with us for one or two-year periods.

We will further develop our range of digital products in 2026 while remaining committed to offering a wide range of savings products through our branch, which remains at the heart of our business day to day.

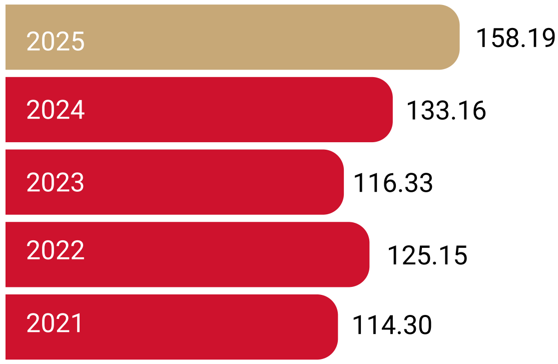
ISA products offering tax-free returns remain highly popular with members. We closely monitor market savings rates and regularly adjust our pricing and product range to ensure we offer good value and competitive choices.

As a result of the growth in mortgages being greater than the growth in savings, our surplus of liquid assets (being cash and treasury investments) was reduced, with our liquidity ratio being 18.65% of total shares and borrowings (2024: 24.71%). We continue to meet all liquidity buffer requirements, even at this lower ratio and being able to convert surplus cash into mortgage assets supports the achievement of our strategic objectives.

Mortgage Assets (£m)



Savings Balances (£m)



Market conditions continue to be closely monitored, and further changes to mortgage and savings rates may be made in 2026 should Bank of England base rate reduce further.

In 2026, a key priority within our mortgage business will be to further support first-time buyers, including expanding our fixed-rate lending offering to terms of up to five years. For savings, we aim to expand our product range both digitally and within our branch to meeting evolving member needs and this will initially include further fixed-rate products in the tax-free range.

Arrears performance

At 31 December 2025, there were eight mortgage accounts in arrears of more than three months, of which one case was more than twelve months in arrears (2024: one). This case had a total outstanding balance of £167,117 (2024: £587,360) at the year end, with arrears of £24,581 (2024: £39,558). One case (2024: one) had forbearance measures in place at 31 December 2025. We had no properties in possession (2024: none).

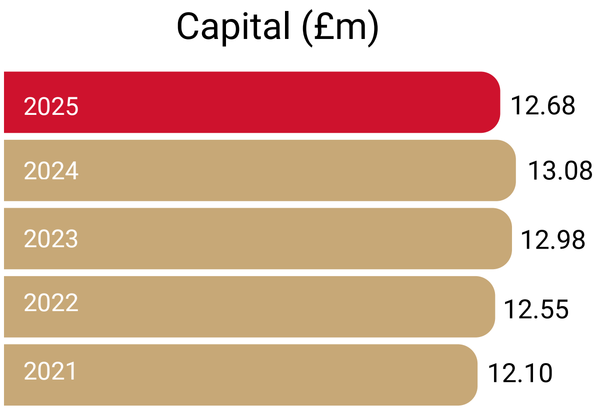
We take all reasonable steps to minimise loss by ensuring that our Responsible Lending Policy and detailed lending criteria are consistently reflected in underwriting decisions. These policies and criteria are reviewed and updated regularly to take account of changing economic conditions.

We remain vigilant to the financial stresses that may arise for borrowers and recognise that, for some, particularly those on longer-term fixed-rate mortgages the full impact of higher interest rates has yet to materialise. Where borrowers experience financial difficulty, we provide constructive assistance and appropriate forbearance, adopting a personal approach that enables us to develop a clear understanding of individual circumstances and needs, and we tailor our approach where appropriate.

Loan loss provisions have increased during the year to £0.14m (2024: £0.10m) to reflect the growth in exposure to higher loan-to-value (LTV) mortgages. Higher LTV lending carries an increased level of inherent credit risk, and provisioning has been adjusted accordingly to ensure appropriate coverage. This remains consistent with our prudent risk management approach and ongoing assessment of expected credit losses.

Capital

At 31 December 2025, our total capital is £12.68m (2024: £13.08m).



The free capital ratio, defined as the aggregate of general reserves and collective impairment for losses on loans and advances less tangible and intangible assets, decreased to 7.77% of total shares and borrowings (2024: 9.44%).

The gross capital ratio, representing general reserves, similarly reduced to 8.02% (2024: 9.82%). The reduction in both ratios reflects our loss-making position in the year, alongside growth in the asset base.

The table summarises the Core Tier 1 Ratio, being Tier 1 Capital (reserves less a deduction for intangible assets) as a percentage of risk weighted assets and the Leverage Ratio, being Tier 1 Capital as a percentage of total assets plus mortgage impairments plus a proportion of mortgage pipeline commitments.

	2025 £m	2024 £m
Tier 1 capital (after regulatory deductions)	12.63	12.95
Tier 2 capital	0.13	0.09
Total Capital	12.76	13.04
Risk weighted assets:		
Liquid assets	4.37	4.06
Loans and advances	53.77	41.30
Other assets	1.49	1.64
Operational risk	5.76	5.53
Total risk weighted assets	65.39	52.53
Capital ratios:		
Core Tier 1	19.32%	24.65%
Leverage	7.03%	8.69%

Our capital ratios remain robust and provide a strong foundation to support our transformation programme, while offering resilience against potential adverse economic conditions and future challenges.

To meet regulatory requirements, a risk assessment of our capital policies and procedures (the Internal Capital Adequacy Assessment Process (ICAAP)) is conducted and approved annually by the Board. This allows us to consider our future capital position and confirm that we hold sufficient capital to meet our strategic objectives as we move forward.

Country by Country Reporting

The Capital Requirements (Country-by-Country Reporting) Regulations 2013 place certain reporting obligations on financial institutions that are within the scope of the Capital Reporting Directive IV (CRD IV). The purpose of the regulations is to provide clarity on the source of our income and the location of our operations.

The annual reporting requirements as at 31 December 2025 are included in Note 3 on page 27 of the Annual Report and Accounts, which is available on our website: www.penrithbs.co.uk.

Principal Risks and Uncertainties

We adopt the approach of a low exposure to risk to maintain member confidence and to allow the achievement of our business objectives. There is a formal structure for risk management which includes fully documented control procedures in addition to risk limits, mandates and reporting lines.

We monitor all our Core risk areas through the Board and sub-committee structure. Dashboards for all risk areas are presented at least quarterly to the relevant Risk committee, which include details on the sub-risks and controls for each risk area, and monitoring metrics where appropriate to ensure the risks are being managed within the risk appetites set by the Board.

We have included more detail on our Core risks within the Annual Report and Accounts, which is available on our website: www.penrithbs.co.uk

Directors

The following persons were Directors during the year:

Non-Executive Directors

Rod Ashley	Board Chair
Will Lindsay (retired 11 April 2025)	
David Billinge	
Richard Drinkwater	Senior Independent Director
Nikki Marsh	
Fiona Smith (Resigned 14 September 2025)	

Executive Directors

Zack Hocking	Chief Executive
Elspeth James	Chief Financial Officer

None of the Directors had any beneficial interest in any connected undertaking at any time during the year.

We maintain liability insurance cover for Directors and Officers as permitted by the Building Societies Act 1986. There are no Directors' indemnities.

Colleagues

The Directors are pleased to record their appreciation to all colleagues for their hard work and loyal service during what has been a further challenging year.

The Board encourages the personal development and training of all colleagues to ensure that they have the opportunities to gain sufficient expertise, qualifications, and relevant skills to provide the standard of service required. Wherever appropriate our colleagues attend suitable training courses and seminars to support their personal development.

Land and Buildings

The Head Office premises were valued during 2023 following completion of refurbishment works and as there has been no significant reduction in commercial property prices since that point, we can confirm the Directors' opinion that the overall market value of the premises has remained above the book value.

Donations

During the year charitable donations totalling £19,532 (2024: £15,459) were made. No contributions were made for political purposes.

Creditor Payment Policy

Our policy is to agree the terms of payment at the commencement of trading with each supplier, to ensure that they are aware of those terms and to abide by them. Where terms of payment have not been agreed we settle the supplier's invoice on being satisfied that the supplier has fully conformed with the terms and conditions of purchase. Creditor days were 10 at 31 December 2025 (2024: 11 days).

Going Concern

Forecasts of the financial position for the period ending at least twelve months from the date of the signing of the accounts have been prepared. In making this assessment, the risks that could impact on our capital, financial and liquidity positions over that period have been considered and stressed as appropriate.

As we have reported a loss for the year ended 31 December 2025, and we are anticipating a further period of loss making as we move through our core platform replacement project, we are monitoring our capital ratios closely to ensure we remain above the minimum capital buffer requirements. Our forecasts, which extend over a three year period have focused on meeting our capital requirements as we move through the loss making period back to profitability within our three year forecasts.

Additionally, our operational resilience continues to be reviewed and tested, with a key requirement being to maintain a branch service for the local community, and to ensure no loss of service to members as a result of risk events arising.

These forecasts and other reviews have satisfied the Directors that we have adequate resources to continue in business for the foreseeable future. For this reason, it is appropriate for the accounts to continue to be prepared on the going concern basis.

On behalf of the Board, Rod Ashley (Chair), 26 February 2026

Summary Financial Statement

The Group comprises Penrith Building Society and its subsidiary, Cumbria Mortgage Centre Limited. The principal activity of the subsidiary is detailed in the full Annual Report and Accounts. As the activity of the subsidiary is aligned with that of the Society, references and results reported throughout the Summary Financial Statement to the Society include the consolidated performance and position of the subsidiary, unless specifically noted otherwise.

SUMMARY FINANCIAL STATEMENT

For the year ended 31 December 2025

RESULTS FOR THE YEAR	2025 £	2024 £
Net interest receivable	3,161,663	3,030,888
Other interest and charges	36,242	38,407
Administrative Expenses	(3,631,501)	(3,040,255)
Provisions	(41,000)	(94,000)
Profit for the Year before Taxation	(474,596)	123,040
Taxation	75,905	(28,810)
(Loss)/Profit for the Year	(398,691)	94,230

FINANCIAL POSITION AT END OF YEAR

Assets	2025 £	2024 £
Liquid Assets	29,508,424	32,906,406
Mortgages	140,123,569	112,017,857
Fixed and Other Assets	1,486,211	1,637,495
Total Assets	171,118,204	146,561,758
Liabilities		
Shares	153,522,138	130,401,100
Amounts Owed to Credit Institutions	1,001,884	-
Amounts Owed to Other Customers	3,665,413	2,759,806
Other Liabilities and Accruals	249,170	322,562
Reserves	12,679,599	13,078,290
Total Liabilities	171,118,204	146,561,758

Approved by the Board of Directors on 26 February 2026 and signed on its behalf by:

Rod Ashley (Chair)

SUMMARY OF KEY FINANCIAL RATIOS

	2025	2024
Gross capital as a percentage of shares and borrowings (Note 1)	8.02%	9.82%
Liquid assets as a percentage of shares and borrowings (Note 2)	18.65%	24.71%
Profit for the year as a percentage of mean total assets (Note 3)	(0.25%)	0.07%
Management expenses as a percentage of mean total assets (Note 4)	2.27%	2.20%

NOTES TO THE FINANCIAL STATEMENT

1. The gross capital ratio measures the proportion which the capital bears to the shares and borrowings. The gross capital consists of reserves, which are our profits accumulated over many years.
   Capital provides a financial cushion against difficulties which might arise in the business and therefore protects investors.
2. The liquid assets ratio measures the proportion which the liquid assets held in the form of cash, short term deposits and government securities bears to the shares and borrowings. Liquid assets are utilised in cash management enabling us to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.
3. The ratio of loss for the year as a percentage of mean total assets measures the proportion which the loss after taxation for the year bears to the average of the total assets at the beginning and end of the financial year. The ratio is similar to a company's return on assets. Losses are transferred to reserves, thus forming the capital which is essential in order to protect investors.
4. The ratio of management expenses as a percentage of mean total assets measures the proportion which administrative expenses as reported in this document (which includes depreciation) bear to the mean total assets in accordance with the Accounts Regulations.

Directors' Remuneration Report

The Remuneration Policy is to reward Directors through salary and fees according to their skills, expertise, experience and overall contribution, considering salary and fee levels in comparable organisations. The Remuneration Policy follows the Remuneration Part of the PRA Rulebook, which sets out the standards and policies that we are required to meet when setting pay for Directors. We do not have bonus or share option schemes and therefore no element of variable remuneration. In addition, due to our size, we do not have any material risk takers who meet the proportionality thresholds set out in the PRA Rulebook and therefore no separate additional disclosures are required.

The Board will include an advisory resolution on the Directors' Remuneration Report at the forthcoming Annual General Meeting.

Non-Executive Directors

The remuneration of all Non-Executive Directors is fee based and is reviewed annually by the Board. They do not participate in any performance pay scheme, pension arrangements or other benefits and do not have service contracts.

The Chair receives higher fees than other Non-Executive Directors in recognition of the additional workload and responsibilities incumbent on that position.

Executive Directors

Our policy is to set remuneration at levels sufficient to attract and retain Executive Directors of sufficient calibre and expertise. Executive Directors' remuneration comprises basic salary, discretionary bonus and pension benefits, the latter is based on a fixed percentage of salary.

Their remuneration level and structure are considered by the Remuneration Committee which meets at least twice a year, with reference to role scope and responsibilities, the performance of the individual and salaries in similar organisations.

Additionally, the Remuneration Committee considers the achievement of the strategic objectives within the Corporate Plan and the ongoing delivery of the longer-term strategy when considering any increases to Executive Directors' salaries.

There are no incentive schemes in place for the Executive Directors. The Remuneration Committee has the discretion to add a bonus payment to the remuneration of the Executive Directors annually if they feel there are aspects of their performance that would support an additional reward. This is aligned with the approach taken for all colleagues and is as a result of the appraisal process completed each year when achievement of objectives, aligned to the strategic goals, are reviewed.

We do not have a defined benefit final salary pension scheme. We make contributions to the private pension arrangements of the Executive Directors, the contributions being the same percentage of salary for all colleagues.

The CEO's and CFO's contracts of employment require a 6 month notice period.

Fees for services as Non-Executive Directors	2025 £	2024 £
Rod Ashley	22,863	18,824
David Billinge (appointed 1 February 2024)	19,435	17,301
Richard Drinkwater	19,435	18,824
Janice Lincoln (retired 30 June 2024)	-	9,632
Will Lindsay (retired 11 April 2025)	6,740	23,367
Nikki Marsh	19,435	18,824
Fiona Smith (resigned 14 September 2025)	14,540	18,824
Total for Non-Executive Directors	**102,448**	**125,596**
Fees for services as Executive Directors		
Zack Hocking		
Salary	132,925	128,750
Bonus	2,678	2,600
Benefits and allowances	6,531	6,468
Pension contributions	6,646	6,438
	148,780	144,256
Elspeth James**		
Salary	89,038	85,345
Bonus	-	2,505
Benefits and allowances	609	804
Pension contributions	4,452	4,152
	94,099	90,806
Total for Executive Directors	**242,879**	**235,062**
Total for Directors' emoluments	**345,327**	**360,658**

**Elspeth James works on a four-day contract.

Approved and signed on behalf of the Remuneration Committee,

Nikki Marsh (Non-Executive Director), 26 February 2026

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS AND DEPOSITORS OF PENRITH BUILDING SOCIETY

We have examined the Summary Financial Statement of Penrith Building Society (the "Society") set out on pages 18-21.

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 Business Review and Summary Financial Statement with the Annual Report and 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 Annual Report and 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 Report and 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 Annual Report and 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 Business Review 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 Group's and Society's Annual Report and Accounts describes the basis of our opinion on those Annual Report and Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the Annual Report and Accounts, the Annual Business Statement and the Directors' Report of Penrith 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.

forvis mazars

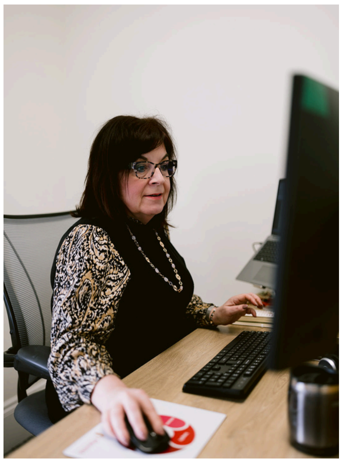
Michael Davidson, Forvis Mazars, Statutory Auditor

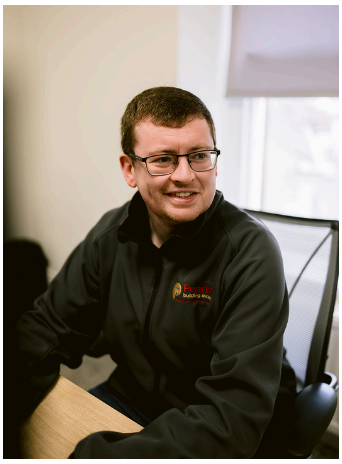
3 Wellington Place, Leeds, LS1 4AP

26 February 2026






Directors:

Rod Ashley *(Chair)*
David Billinge
Richard Drinkwater
Zack Hocking
Elspeth James
Nikki Marsh

Solicitors: **Gaynham King & Mellor,** 2 Mason Court, Gillan Way, Penrith, CA11 9GR

Auditor: **Forvis Mazars LLP,** One St Peter's Square, Manchester, M2 3DE

Bankers: **Natwest Bank Plc**, 24 Devonshire Street, Penrith, CA11 7ST

Chief Executive: **Zack Hocking**
Chief Financial Officer: **Elspeth James**
Secretary: **Sue Askew**

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