

Summary Financial Statement

For the year ended **30 November 2025** and
Notice of Annual General Meeting 2026



We are here to support our members & communities create a better financial future for themselves

Summary Financial Statement

Summary Directors' Report

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Established 1865

Member of the Building Societies Association

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The Society is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.

The Society's registration number is 206043.

This Summary Financial Statement is a summary of information in the audited annual accounts, Directors' Report and Annual Business Statement, all of which will be available to members and depositors free of charge on our website at hrbs.co.uk and at each office of the Society from 1 March 2026.

The information contained in the Chair's statement, Chief Executive's report and Chief Financial Officer's report, on pages 3 to 14, addresses the requirements of the Summary Directors' Report. Further information is contained in the full Annual Report and Accounts.

Chair's statement



“What has not changed are the core values of our Society to which we still hold true today: to support the aspirations and financial well-being of our members, and of the communities in which our head office, branches and many of our members are situated.”

Nemone Wynn-Evans

Chair

May I extend a warm welcome to you to our Annual Report and Accounts for 2025 and thank you for your interest in the Hinckley & Rugby Building Society. You may have noticed during the year that this has been an important milestone for us as we celebrated our 160th anniversary, and a heritage of which we are truly proud. This coincided with a significant milestone for the building society sector as a whole, as the Building Societies Association – the industry body which represents all 42 building societies in the UK - celebrated the 250th anniversary of the start of the movement at its annual conference in Birmingham, where the first ever building society began in 1775.

The core reasons behind a building society's purpose were a little different in the eighteenth and the nineteenth centuries, as Thomas Kiddle co-founded a mutual in 1865 which formed the origins of the Hinckley & Rugby. At that time, only freeholders of land could vote in elections so most working people had no political voice, and they also had no access to the banking system. Fuelled by the migration of families to rapidly growing towns and cities as a result of the industrial revolution, building

societies were hailed as the engine by which working people could achieve the twin dreams of both home ownership and political emancipation.

What has not changed are the core values of our Society to which we still hold true today: to support the aspirations and financial well-being of our members, and of the communities in which our head office, branches and many of our members are situated. Through our “We are here” commitment, we have reaffirmed our absolute support and commitment to our members today, whoever they are and wherever they live. They experience this through our high-quality products and services, and from the excellent personal service they expect from us.

As we reflected on our heritage and looked to the future, we were operating in a fragile UK macroeconomic environment over the year which saw a combination of anaemic growth, stubbornly high inflation, increasing unemployment and continued pressure on consumer spending.

The impact of an increase in employer's national insurance in the spring was not as benign as perhaps the UK government had been hoping for, and uncertainty

hung over sentiment in the run up to the Autumn Budget Statement in November, landing right in the final week of our financial year. There was considerable speculation around measures that might affect the mortgages and savings markets, while the ISA reform that was announced, to restrict the cash ISA limit for those aged under 65 with effect from April 2027, was less severe than had been anticipated.

Meanwhile, the falling interest rate trajectory that had begun in our previous financial year continued into this one, with the Bank of England base rate at 4.75% at the start of the year and 4% at the end of it, after three quarter-point reductions in February, May and August. We worked hard over this period to balance the interests of our mortgage members and the interests of our savings members fairly over our product set, always mindful of the impact of pricing changes.

Lower base rates and stability in mortgage rates encouraged more sellers and buyers back into the UK housing market, building on momentum generated over the prior year, while house price inflation held steady. Significant stamp duty changes that took effect from 1 April 2025 drove market behaviour, with the

Chair's statement continued

sector as a whole – as well as Hinckley & Rugby – seeing a rush to achieve property purchase completions before increased rates came in.

The regulatory direction of travel has felt notably different this year, with both the Prudential Regulatory Authority and the Financial Conduct Authority responding to direction from the UK government to consider how they might support economic growth. It has been encouraging to see both regulators actively considering and enacting measures that will support the sector to increase lending and help more people to own their own home.

The publication of their joint “Mutuals Landscape Report” on 5 December 2025, just a few days after our financial year-end, was particularly notable. This report recognised that mutuals increase UK corporate diversity which leads to greater resilience in the financial system. The refreshed focus by the regulators is in explicit support of the UK government's aim to double the size of the mutual sector and highlights the importance of having regulations that are appropriately proportionate to the risk mutuals pose.

At the end of a busy year, a number of our non-executive directors will not be standing for re-election at our AGM in March, and we say farewell to Lynda Blackwell and Barbara Tæed as they leave with our grateful thanks for their service on the Society's Board. This is also my last year as a director as I will have completed 9 years' service on the Board

by the AGM. I am pleased to announce the appointment of Helen McEwan as my successor as Chair, subject to regulatory approval. Helen, who will join the Board after the AGM, brings extensive finance industry experience through her former executive roles and current non-executive directorships. I wish Helen, the Board and the Society every continued success in the years ahead.

The year ahead for the Society will be all about continuing the growth trajectory, as you will read about in the Chief Executive's report, maintaining focus on the range of mortgage and savings products that appeal to current and potential members, while serving all members to the best of our ability. Thank you for your interest in our Society and your continuing support.

Nemone Wynn-Evans
Chair
6 February 2026

Chief Executive's report



“Throughout our history, we have stayed true to our mutual values, supporting savers, helping people own homes and strengthening the communities we serve. We are here to support our members create a better financial future for themselves.”

Barry Carter
Chief Executive

Celebrating 160 Years of Mutual Strength

It is a privilege to present this year's annual report as we mark an extraordinary milestone - 160 years since our founding. This anniversary is more than a celebration of longevity. It is a testament to the trust, resilience and shared purpose that continue to define our building society. Throughout our history, we have stayed true to our mutual values, supporting savers, helping people own homes and strengthening the communities we serve. We are here to support our members create a better financial future for themselves.

The Society's focus has shifted in recent years towards that of a specialist lender with mortgage solutions which are typically favoured by borrowers who are unable to be serviced by the high street banks. This change is designed to mitigate the strategic risks of increased competition, particularly from challenger and digital banks, and the impact on net interest margin of low risk, vanilla residential lending.

This strategy is consistent with the Society's purpose and values to support better financial futures, for example through

our flexible income and self-build lending products, and to serve unmet needs in the market, through our credit flex and skilled worker visa products.

Strong Financial Performance

In last year's annual report, I highlighted the strategic priorities for the Society and emphasised the need to execute against these strategic priorities.

Despite a demanding economic environment, the Society has performed well, achieving the strongest profit performance since 2008. Importantly the Society has focused on mortgage and savings growth in sustainable markets with the combined asset growth for 2024 and 2025 being greater than the previous 5 years combined.

The Society remains committed to the strategic priorities as noted below:

- Growth
- Member Centricity
- People Development & Community
- Efficient & Effective ways of working

In a similar manner to previous years, my reflections in 2025 are centred around these priorities.

Growth Savings

The savings market continues to be very competitive; however in order that our products and services remain attractive to savers we have been discussing our member needs via in-branch “Customer Savings Reviews” and member feedback forums. Our “Member first” approach has enabled the Society to respond to the needs of our members with many expressing longer term concerns about reductions in Bank of England Base Rate as well as proposed budget changes to Cash ISA products. To address these concerns, we offered a range of competitive Term Deposit and ISA savings products which have regularly featured in “best buy” tables.

Our members have valued these changes and chose Hinckley & Rugby Building Society as a secure home for their money, reinforcing the stability and trust upon which our Society is built. In doing so, the Society achieved positive growth of 8.1% in savings balances.

Chief Executive's report continued

Mortgages

The UK mortgage market showed signs of improvement throughout 2025 aided by gradual reductions in base rate and reduction in inflation rates.

Our flexible approach to underwriting is well suited to specialist mortgage lending, which when combined with digital enhancements and an internal reorganisation of our business, has meant that our mortgage application volumes have increased by over 30% year-on-year. As a result, our mortgage balances expanded by a strong 5.8%, whilst the number of arrears cases increased to just above the average level for the UK (see page 14), based on industry data published by UK Finance. We continue to focus on meeting the evolving needs of borrowers while maintaining a disciplined approach to affordability and credit risk.

160 years after our inception, our founding purpose remains unchanged - we are here to our members and communities create a better financial future for themselves.

Member Centricity

As a mutual organisation, our purpose is rooted in serving the best interests of our members and in 2025 we strengthened this through a sharper focus on member centricity.

Our customer teams identified over 30 areas of improvement in our processes and customer journeys. These improvements have been identified by both colleagues and forums such as our member panel and Voice of

Customer/Broker groups. This feedback ensures that member voices directly inform our decision making and provides valuable insight into what matters most to those that we serve.

Alongside this, increased customer feedback has played a central role in reshaping how we communicate and helping us to revise how we interact with our members. As a result, we have made changes to our website, social media channels, communications and marketing focus, helping us to be clearer and more relevant to the members we serve.

A key part of our Member Centricity is our branch network. At a time when banks are closing their branches, ours remain a vital part of our proposition. The Customer Savings Reviews are a proactive means of our branch colleagues discussing the financial needs of our members. Our branch colleagues can provide trusted face-to-face support that helps members navigate important financial decisions with confidence. Additionally, the Customer Savings Reviews will also help redefine the purpose of branches from transactional spaces into centres for financial wellbeing. We remain committed to our branch network and will continue to update and modernise the premises through a programme of rolling improvements.

By listening, engaging more closely and acting on what we hear, we continue to build a Society that is centred around our members' needs.

Supporting our People and Communities

People

The Society has a strong internal culture which reflects our purpose, our values and our commitment to achieving our strategic priorities. We are committed to fostering an inclusive workplace where colleagues feel valued, respected and supported. Our Equity, Diversity and Inclusion approach is built around creating a culture that celebrates difference, ensures fair opportunities and removes barriers so that everyone can thrive. We actively promote awareness through learning and training and open forums that encourage discussion. Alongside this we place a strong emphasis on wellbeing by offering hybrid working, flexible working and access to mental health and financial wellbeing support resources.

As mentioned in last year's report, the Society undertook an internal reorganisation to ensure it was better equipped to meet the changing needs of members in a digital age. 2025 was an important year for us to realise the benefits of these changes and ensure the Society is an outstanding place for colleagues to thrive and develop. I am delighted to say that we are seeing these benefits and to report that the Society achieved "1 Star" accreditation from Best Companies, which represents a "very good level of workplace engagement".

The building society sector can find itself disadvantaged compared to shareholder banks

Chief Executive's report continued

when trying to compete on remuneration. However, we are a proud and committed mutual who is focused on developing talent and succession from within its own organisation. As an example, during 2025 we initiated a talent development programme for several of our colleagues. This initiative provided 12 months of concentrated learning and development opportunities, allowing them to be equipped for the next internal opportunity that may arise. I am delighted that this initiative will expand and continue into 2026, with all our people leaders completing this programme. Additionally, the Society has supported several colleagues who have undertaken further education and development via modern apprenticeships, professional and masters qualifications.

Environmental

The Society continues to actively promote climate awareness with initiatives including a property retrofit partnership and green lending solutions. Despite our innovative solutions, these initiatives have not necessarily appealed to our members due to cost-of-living concerns and mixed government messaging. However, the Society is still committed to a green agenda and will continue to offer solutions to meet the needs of our members. This agenda will also continue to include minimising of the environmental impact of our activities and increasing awareness and decision making for our customer and members.

Social (Community)

For 2025 and beyond, the Society has sought to further simplify its approach to supporting the local community, with a focus on financial and personnel contribution. Our previous approach entailed small donations to initiatives via formal applications to the Society, and whilst this was beneficial, it is difficult to assess impact, alignment to our values and to enable colleagues to meaningfully contribute via volunteering. Going forwards, we will focus on three charities who are local to Hinckley & Rugby's heartlands and closely related to our values as an organisation.

- Leicestershire Cares
- Warwickshire & Solihull Community and Voluntary Action
- Academy for Dementia research and education

The Society expects to make donations across these 3 charities which will make a meaningful difference to them.

In addition, the Society promotes and encourages colleague volunteering, with total contribution for 2025 reaching 1,060 hours from over 100 colleagues. Volunteering typically includes topics such as financial education, volunteering days and help/advice across a wide range of topics. The Society is very keen to develop this further, broadening the contribution of colleagues who are proud to work for a mutual that supports local causes.

As a mutual, we reinvest in people - not shareholders - and this principle continues to guide every decision we make.

Efficient and Effective

The Society has continued to focus on modernising its systems and processes. Over the previous few years, we have iteratively adopted digital technology with new online savings and mortgage portals and a mobile app. From a standing start, the Society has enrolled nearly 15% of its member base onto our online platforms, showing that there is a desire for digital services for both existing and new members.

Throughout 2025 the Society has continued to focus on digitising processes to both improve the member experience and remove the administrative burden associated with key tasks. This has included adopting Open Banking into our mortgage application process with approximately 50% of all applicants making use of this service.

Looking into 2026, the Society has prioritised a further series of digital enhancements which will markedly improve the member experience, including digital statements and online account opening. Our digital modernisation recognises the importance of remaining appealing to long serving members who value trust, familiarity and face-to-face service whilst also blending digital capabilities without losing the mutual values and benefits that underpin our organisation.

Chief Executive's report continued

This thoughtful and purposeful approach to digitisation was recognised in 2025 with the Society being shortlisted in the highly respected Banking Tech Awards which celebrates excellence and innovation in the banking technology sector. We were named as a finalist in the "Best Tech Overhaul" category, competing against some of the largest global banking names.

This is a clear indicator that over a short period of time, Hinckley & Rugby has transformed itself into a modern building society that is well positioned to serve both existing and new members.

Looking Ahead

As we reflect on our 160-year journey, we are proud of what we have achieved, but we remain firmly focused on the future. The trust of our members, the dedication of our colleagues, and the strength of our mutual heritage position us well to navigate the opportunities and challenges ahead. We enter the coming year with optimism, financial strength, and a clear purpose: We are here to support our members create a better financial future for themselves.

Thank you to our members, colleagues, and partners for your on-going support. Together, we look forward to shaping the next chapter of our Society's story.

Barry Carter
Chief Executive
6 February 2026



Chief Financial Officer's report



“The Society’s financial performance during 2025 was positive, with an increase in profit and net interest margin, a reduction in the cost to income ratio, and mortgage and savings growth ahead of the prior year.”

John Mulvey
Chief Financial Officer

Summary financial position

The Society’s financial performance during 2025 was positive, with an increase in profit and net interest margin, a reduction in the cost to income ratio, and mortgage and savings growth ahead of the prior year. Prudent levels of liquidity and capital were maintained throughout the year.

The Society’s profit performance for 2025 was ahead of the Board’s plan set at the beginning of the financial year, with a higher than planned improvement in net interest margin more than offsetting lower than planned mortgage growth and increased administrative expenses. Profit before tax for the financial year increased by 64% to £2.50m (2024: £1.52m).

Whilst mortgage growth was lower than planned, the growth achieved of 5.8% (2024: 3.0%) was significantly ahead of the prior year. The Board continued its specialist lending strategy, with increased sales of self-build, skilled worker visa and flexible income products. The removal of temporary increases in stamp duty land tax thresholds from 1 April 2025 resulted in an increase in mortgage demand in the early part of the year,

followed by a significant lull, with the mortgage pipeline for new mortgage applications taking some time to return to the target level.

Savings balances grew during the year to £826m (2024: £764m), an increase of 8.1% (2024: 6.5%), and was achieved through a focus on longer-term notice and fixed rate savings products. The savings growth was used to fund the mortgage growth and repay remaining funding drawn from the Bank of England.

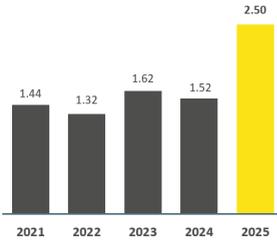
Impairment provisions held against loans and advances to customers increased by £0.02m during the year, reflecting the overall increase in mortgage balances, an increase in the number of mortgage cases in arrears, a reduction in the number of cases receiving forbearance and updated assumptions relating to the probability that cases will default and enter possession.

Chief Financial Officer's report continued

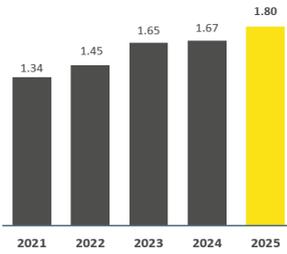
Key financial measures for the year

	2025	2024	2023
Profit before tax (£m)	2.50	1.52	1.62
Loans and advances to customers (£m)	740.3	700.0	679.4
Retail savings (£m)	826.2	764.3	717.8
Liquid assets (£m)	131.4	119.3	126.1
Wholesale funding (£m)	0.3	12.4	46.7
Gross capital (£m)	49.1	47.2	46.5
Total assets (£m)	881.3	832.0	823.4
Net interest margin as a percentage of mean total assets	1.80%	1.67%	1.65%
Management expenses as a percentage of mean total assets	1.51%	1.49%	1.43%
Cost/income ratio	83.7%	88.9%	86.3%
Liquid assets as a percentage of shares and borrowings	15.9%	15.4%	16.5%
Gross capital as a percentage of shares and borrowings	5.9%	6.1%	6.1%
Total capital ratio	15.4%	15.7%	16.0%
Balances in arrears as a percentage of gross loans and advances	1.60%	1.15%	1.12%

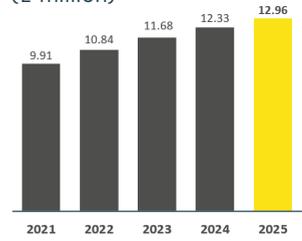
Profit before tax
(£ million)



Net interest margin
(%)



Administrative expenses including depreciation and amortisation
(£ million)



Profit before tax

As a mutually owned business, the Society is not aiming to maximise profit for shareholder gain, but it does need to make sufficient profit to support the capital it maintains for the protection of shareholding members and other depositors, to support asset growth and invest for the future. The key components in achieving the increased profit before tax were:

- Net interest receivable increasing by £1.61m to £15.42m (2024: £13.81m), with the net interest margin earned reaching 1.80% (2024: 1.67%) and growth in loans and advances to customers of 5.8%.
- Net gain on derivative financial instruments held to hedge the interest rate risk associated with fixed rate mortgage and savings products of £0.01m (2024: £0.01m loss).
- No loss on disposal of tangible and intangible fixed assets recognised in the year (2024: £0.02m loss).

The above improvements were offset by:

- Administrative expenses, including depreciation and amortisation, increasing by £0.63m to £12.96m (2024: £12.33m) as a result of rising staff costs, increased IT expenditure, and other administrative spend. These increases reflect the costs of improving customer services through investments in people and new technology, and the cost of customer mailings arising from changes to interest rates and product terms and conditions.
- Other income reducing by £0.04m to £0.04m (2024: £0.08m) largely due to a reduction in the net expected return on the pension scheme surplus, following a reduction in the scheme surplus at the end of the last financial year.

Net interest margin

The net interest margin (NIM), the difference between interest rates earned from mortgages and liquid assets compared with those paid on savings and other funding, expressed as a percentage of the Society's average total assets, is a key measure of the underlying performance of the Society.

Factors affecting the Society's NIM include the level of competition within the mortgage and savings markets, market rates of interest impacting returns on liquid assets, and the costs of other funding.

Overall, the Society's net interest margin increased to 1.80% (2024: 1.67%) and this was used to partially fund increased administrative expenses. The growth in margin was largely due to growth in higher margin mortgage products and the repayment of higher cost funding from the Bank of England.

In response to the reductions in base rate during the year, the Society's management balanced the interests of borrowers and savers when considering reductions in variable mortgage and savings rates.

Chief Financial Officer's report continued

Administrative expenses including depreciation and amortisation

The Board is always conscious that higher costs of running the Society restrict the benefits it is able to pass on to its members in the form of better savings and mortgage rates. The Society's level of management expenses expressed as a percentage of average total assets of 1.51% (2024: 1.49%) was, despite increasing, below the average in 2024 for a building society with total assets between £500m and £1 billion.

The increase in administrative expenses to £12.96m (2024: £12.33m) was due to rising staff costs, increased IT expenditure, and other administrative spend. These increases reflect the costs of improving customer services and the resilience of those services, through investments in people and new technology, as noted in the Chief Executive's report. Increased costs were also incurred in the year on improving the branch network and additional customer communications relating to changes to interest rates and product terms and conditions.

Capital

Capital is held to provide protection for members' deposits against credit losses arising from lending and other risks to which the Society is exposed. A feature of the Society's risk management framework is the Internal Capital Adequacy Assessment Process (ICAAP). The ICAAP assesses the level of capital that the Board considers adequate

to mitigate the principal risks and uncertainties to which the Society is exposed, as set out in the Directors' report on page 25 of the accounts. The Society runs regular stress tests to ensure it is adequately capitalised, including a severe economic downturn based on that used by the Bank of England to test the capital adequacy of systemic firms within the UK banking system.

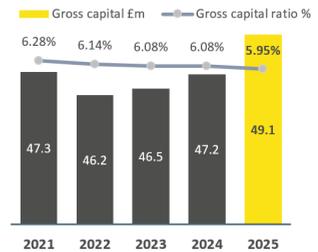
The Society generates capital from profit made through its normal business activities. The Society's profit after tax for the financial year of £1.87m (2024: £1.14m) was transferred to general reserves. In addition to the increase due to retained profits, the Society's reserves increased by £0.05m (2024: £0.41m decrease) due to actuarial gains recognised in the Society's defined benefit pension scheme. As a result of this, gross capital at the year-end increased to £49.15m (2024: £47.23m), representing 5.95% (2024: 6.08%) of total shares and borrowings. The Society's free capital ratio was 5.29% (2024: 5.34%) of total shares and borrowings (see page 69 of the accounts for definitions).

At the year-end, the Society's Total Capital Requirement set by the Prudential Regulation Authority was £25.2m (2024: £23.6m), with this all (2024: all) relating to the Pillar 1 capital requirement and none (2024: none) relating to the Pillar 2A capital requirement. Regulatory capital held by the Society at the year-end was £48.4m (2024: £46.3m), representing 15.4% (2024: 15.7%) of total risk weighted exposures and well in excess of the minimum Total

Capital Requirement and capital buffer requirements.

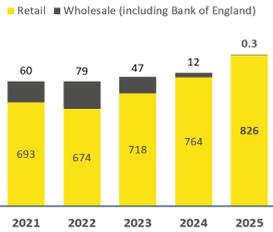
The audited disclosures required by Article 89 of the Capital Requirements Directive (Country-by-Country Reporting) are shown in note 31 of the accounts.

Gross capital ratio (%) Gross capital (£ million)

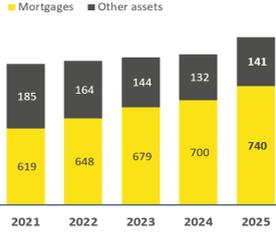


Chief Financial Officer's report continued

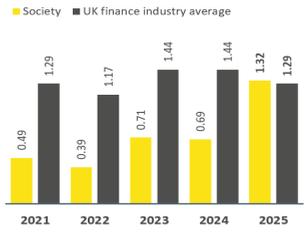
Overall funding including Term Funding Scheme (TFSME) (£ million)



Total assets and mortgage balance (£ million)



Number of borrowers one month or more in arrears (%)



Funding

In accordance with its role as a mutual building society, the Society sources the majority of its funding from its members in the form of savings. Total savings balances (which include member share balances, as well as other retail accounts such as those for business, charities and associations) increased by £62m during the year (2024: £46m) and represented 99.96% (2024: 98.40%) of the Society's total funding.

The Society also obtains some funding from the wholesale money markets, and for several years has participated in the Bank of England funding schemes, including the Bank's Term Funding Scheme with special incentives for SMEs (TFSME), that provide medium to long-term funds secured against mortgages and other assets. During the year, the Society repaid all remaining Bank of England funding using savings, with none (2024: £12.1m) outstanding at the year-end.

The Society had unsecured wholesale funding of £0.3m (2024: £0.3m) outstanding at the year-end.

Liquidity management

The Society undertakes a full review of liquidity adequacy each year, referred to as the Internal Liquidity Adequacy Assessment Process (ILAAP), including an assessment as to the quantity and quality of liquid assets that the Society should hold to mitigate the liquidity risks to which it is exposed under both normal and stressed conditions. The Board approves the ILAAP on an annual basis and this forms a further component of the Society's risk management framework.

The Society's liquid assets of £131.4m (2024: £119.3m) at the year-end represented 15.9% (2024: 15.4%) of shares and borrowings. The level of liquid assets held remains significantly above the Board's internal assessment of its minimum requirement and its regulatory minimum requirement. Of the liquid assets held, £126.9m (2024: £117.2m) was on overnight deposit at the Bank of England.

The Society, in common with its peers, has access to various Bank of England liquidity facilities. These range from the provision of funding to assist

with the management of short-term cashflow imbalances that may arise through day-to-day operations, to rapid access to liquidity in the event of a severe and unexpected cash flow stress.

Loans and advances to customers

Loans and advances to customers at the year-end were £740m (2024: £700m), representing growth of 5.8% (2024: 3.0%). Gross mortgage assets (before the deduction of impairment provisions and other accounting adjustments) grew by 5.2%. New mortgages advanced during the year amounted to £178m (2024: £146m) and were spread across a range of lending categories, including standard owner occupied, self-build and buy to let lending.

The Board's objective is to achieve a balanced portfolio of mortgage products across a range of borrower segments that generate an interest margin commensurate with the credit risk involved, while maintaining exposures within limits set by the Board. After standard owner occupied mortgages, which represented 69% (2024: 68%) of the Society's total mortgage book at the year-end, buy to let

Chief Financial Officer's report continued

mortgages were the next largest segment within the Society's portfolio, representing 21% (2024: 23%).

Credit risk performance

The safety and security of our members' savings has always been of paramount importance. This is embodied in the Society's prudent approach to mortgage lending, resulting in a high-quality mortgage book.

At the year-end, 50 (2024: 26) borrowers were in arrears with their monthly mortgage payments by one month or more, representing 1.32% (2024: 0.69%) of all cases within the mortgage book. The balance outstanding on these arrears cases represented 1.60% (2024: 1.15%) of total gross mortgage balances. Of the cases in arrears, 31 (2024: 13 cases) were in arrears by less than two months. The proportion of cases in arrears now exceeds the UK Finance industry average. This is in line with expectations for a specialist mortgage lender and a backdrop of low economic growth, increasing unemployment and increased costs of living over recent years.

Of the borrowers in arrears, three borrowers were in arrears by 12 months or more (2024: one), with the balance outstanding of £2.28m (2024: £0.29m), arrears of £0.18m (2024: £0.07m) and an individual impairment provision held against one of the cases of £0.06m (2024: £0.07m). There were no properties in possession at the year-end (2024: none).

The Society saw a reduction in the number of mortgage borrowers receiving forbearance at the year-end to 8 (2024: 14), with further details of these set out in note 27(c)(iv) of the accounts.

Details of the judgements and estimations used in the impairment provision calculation are set out in note 2(b) of the accounts.

John Mulvey
Chief Financial Officer
6 February 2026

Financial Results for the year ended 30 November 2025

Results for the year	2025	2024
	£'000	£'000
Net interest receivable	15,423	13,814
Other income and charges	39	56
Gains/(Losses) from derivative financial instruments	12	(11)
Administrative expenses	(12,957)	(12,326)
Operating profit before provisions	2,517	1,533
Gain on revaluation of investment properties	-	3
Impairment losses on loans and advances to customers	(16)	(13)
Profit for the year before taxation	2,501	1,523
Taxation	(633)	(388)
Profit for the year	1,868	1,135

Financial position at the end of the year

Assets	2025	2024
	£'000	£'000
Liquid assets	131,367	119,315
Mortgages	740,309	699,966
Derivative financial instruments	2,965	5,751
Fixed and other assets	6,664	6,983
Total assets	881,305	832,015
Liabilities		
Shares	796,364	745,057
Borrowings	30,184	31,647
Derivative financial instruments	984	583
Other liabilities	4,626	7,502
Reserves	49,147	47,226
Total liabilities	881,305	832,015

Approved by the Board of Directors on 6 February 2026

Nemone Wynn-Evans Chair
Barry Carter Chief Executive
John Mulvey Chief Financial Officer

Summary of Key Financial Ratios

	2025 %	2024 %
Gross capital as a percentage of shares and borrowings	5.9	6.1
Liquid assets as a percentage of shares and borrowings	15.9	15.4
Management expenses as a percentage of mean total assets	1.51	1.49
Profit for the year as a percentage of mean total assets	0.22	0.14

Gross capital as a percentage of shares and borrowings

The gross capital ratio measures the Society's capital as a proportion of its shares and borrowings. Gross capital comprises the general reserve and consists mainly of profit accumulated over many years. Capital provides a financial buffer against any losses which might arise from the Society's activities and therefore protects investors.

Liquid assets as a percentage of shares and borrowings

The liquid assets ratio is a measure of the proportion of the Society's shares and borrowings that are held in the form of cash or are readily realisable into cash. Liquid assets enable the Society to meet requests by investors for withdrawals from their accounts, to make new mortgage loans to borrowers and to fund its general business activities.

Management expenses as a percentage of mean total assets

The ratio of management expenses as a percentage of mean total assets measures the proportion that administrative expenses, as reported in this document (which include depreciation and amortisation), represents in relation to the average total assets for the year and is widely used to measure administrative efficiency.

Profit for the year as a percentage of mean total assets

The ratio of profit for the year as a percentage of mean total assets measures the proportion that the profit after taxation for the year represents in relation to the average total assets for the year. The ratio is similar to a company's return on assets. The Society needs to generate a reasonable level of profit each year in order to fund the continued development of its business and maintain its capital ratios at a suitable level to protect investors.



Independent Auditor's Statement

to the members and depositors of Hinckley and Rugby Building Society

We have examined the Summary Financial Statement of Hinckley and Rugby Building Society (the "Society") set out on pages 2 to 16.

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 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 30 November 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;
- 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 30 November 2025.

We also read the other information contained in the Directors' Remuneration Report 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 Annual Report 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 Hinckley and Rugby Building Society for the year ended 30 November 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 LLP
Chartered Accountants and
Statutory Auditor
30 Old Bailey
London
EC4M 7AU

6 February 2026

Directors' Remuneration report

(Not forming part of the Summary Financial Statement)

This report details the Society's approach to remuneration for the period 1 December 2024 to 30 November 2025. It sets out the Remuneration Policy and remuneration details for the executive and non-executive directors of the Society.

Details of directors' remuneration can be found in note 9 of the accounts and provides, for our members, details of the basic salary, variable pay and benefits earned by directors in the year to 30 November 2025. Details of the Remuneration Policy applied to directors are set out below.

2025 remuneration changes

As a mutual and purpose led organisation, the Society continues to be focused on balancing the considerations of cost, macro-economic factors and the cost-of-living challenges that our employees may face. The Society increased all employee salaries in March 2025 and remains committed to meeting the minimum salary of the Real Living Wage.

To support colleagues' long-term financial security, the Remuneration Committee has approved a 1% increase to the Society's minimum employer pension contribution from March 2026. The Society and the remuneration committee also aim to introduce further increases for colleagues at the lower end of the contribution scale, subject to the Society's performance and cost considerations.

Policy for non-executive directors

Non-executive director fees are reviewed annually by the Chair of the Board and the Chief Executive. This review is based on comparable data from other building societies and similar financial service organisations.

No director or individual is involved in setting their own remuneration. Remuneration comprises a basic fee, with supplementary payments for committee Chairs. Non-executive director fees are not pensionable, and the individuals do not participate in any incentive schemes or receive any other benefits.

The remuneration of the Chair of the Board is reviewed on an annual basis by the committee, without the Chair present, again using comparable external data. All non-executive directors have formal contracts of service. All new appointments are subject to a notice period of three months.

Policy for executive directors

The remuneration for executive directors reflects responsibilities and roles within the Society. The overall policy of the Board, as recommended by the committee, is set out below:

- the remuneration of executive directors (consisting of basic salary, performance related bonus, pension arrangements and other benefits) should be competitive with those of other comparable organisations in the financial sector, in order to attract and

retain high calibre individuals with the necessary skills and experience for the Society to succeed;

- the Society has the discretion to pay the aforementioned remuneration package as a lump sum payment in lieu of notice.

The Chief Executive is the Society's highest paid employee, and no employee earns more than any executive director.

Basic salary

The executive directors receive a basic salary, in line with the policy detailed above, which recognises individual development and progression.

Performance reviews of the executive directors are carried out at least annually, to assess their performance in meeting individual and business objectives.

The committee treats any departing executive directors fairly and is careful to consider the interests of members and ensure that there are no rewards for failure. Executive directors are entitled to be paid their basic salary and contractual benefits (including pension contributions) during their notice period.

Directors' Remuneration report continued

Performance related bonus

Along with all employees, the executive directors are eligible for a non-pensionable performance bonus, in line with the policy detailed above. As a mutual organisation, the Society has no share option scheme.

The Society operates a capped bonus payable against the achievement of both Society and individual objectives. The Society's business objectives are used to measure performance under four key pillars of financial growth, member centricity, people and excellence. These are all underpinned by the Society's risk management, culture and values, to encourage and reward against a broad range of key metrics that are in the long-term interests of the Society's members and other stakeholders.

Pension

Executive directors were eligible to participate in the Society's defined contribution pension plan, which is offered to all employees. The Society makes contributions to the scheme of 14.25% of pensionable salary, of which 4% of pensionable salary is recovered through a salary sacrifice scheme.

- John Mulvey, Chief Financial Officer, opted to receive a cash alternative in lieu of pension contributions equivalent to 9% of basic salary.

The rate of pension contribution from the Society differs between the executive directors and the other employees, in that executive directors on

appointment receive the level of contributions for an employee with 10 years' service. This is not fully in-line with corporate governance guidelines because of the length of time it takes other employees to achieve the same contribution level as executive directors. The Society is working towards bridging that gap by annually increasing the pension contributions of employees incrementally over the next five years with the goal of reaching full parity of pension contributions across the Society.

Other benefits

Each executive director is provided with private medical insurance, group life cover of four times basic annual salary and a healthcare cash plan scheme.

Service contracts

The general policy for appointments at executive director level includes a contractual notice period of six months.

Member consultation

The committee takes into account any feedback given by members. Members are invited to vote on the annual Directors' Remuneration report.

On behalf of the Remuneration committee

Barbara Taeed

Chair of the Committee

6 February 2026

Directors' Emoluments

(Not forming part of the Summary Financial Statement)
For the year ended 30 November 2025

Emoluments of the Society's directors and key management are detailed below:

(a) To independent non-executive directors for services as directors

	Fees 2025 £'000	Fees 2024 £'000
Aggregate emoluments		
Nemone Wynn-Evans	56	48
Colin Franklin (retired 26 March 2024)	-	18
Tony Alexander	41	37
Lynda Blackwell	33	32
John Lowe	40	39
Manuela Pifani	33	22
Barbara Taeed	42	40
Gary Wilkinson (retired 26 March 2024)	-	13
	245	249

No pension contributions were made in respect of these directors.

(b) To executive directors for services in connection with the management of the Society

2025	Salary £'000	Bonus £'000	Contribution to defined contribution pension scheme £'000	2025 Total £'000	2024 Total £'000
Colin Fyfe (resigned 21 January 2024)	-	-	-	-	43
Barry Carter	244	17	25	286	274
Rebecca Griffin (resigned 14 October 2024)	-	-	-	-	238
John Mulvey	190	14	-	204	199
	434	31	25	490	754

Salary costs, including any pension allowances, and pension contributions shown are before any adjustments for the payment of employee pension contributions by salary sacrifice.

Notice of Annual General Meeting

Notice is given that the one hundred and sixtieth Annual General Meeting of the members of Hinckley & Rugby Building Society will be held on 24 March 2026 at 3.00pm for the following purposes:

Ordinary Resolutions

1. To receive the Directors' Report, Annual Accounts and Annual Business Statement and the Auditor's Report for the year ended 30 November 2025.
2. To consider an Ordinary Resolution to appoint Forvis Mazars LLP to hold office as auditor of the Society until the conclusion of the next Annual General Meeting.
3. To consider an Ordinary Resolution to approve the Directors' Remuneration Report for the year ended 30 November 2025.
4. To vote on the election and re-election of directors:
 - a. To elect Helen McEwan
 - b. To re-elect Barry Carter
 - c. To re-elect Anthony Alexander
 - d. To re-elect John Lowe
 - e. To re-elect John Mulvey
 - f. To re-elect Manuela Pifani

By Order of the Board

Marie Bannatyne

Company Secretary
6 February 2026

Notes

1. **These notes form part of the Notice of Meeting.**
2. **Meeting location:** Hinckley and Rugby Building Society, Principal Office, Upper Bond Street, Hinckley, LE10 1NZ. The meeting will start at 3.00pm.
3. **Auditors:** To appoint Forvis Mazars LLP as the Society auditors. Information relating to Forvis Mazars LLP can be found on the Society website. Copies of this information can be obtained from Principal Office and the Branches.
4. **The Report and Accounts:** Copies of the Report & Accounts can be obtained from the Principal Office and the Branches.
5. **Voting:** Members can vote by post, online, in branch or at the meeting. The deadline for postal and online voting is midnight on Saturday 21 March 2026. The deadline for voting in branch is 2pm on Monday 16 March 2026. A member entitled to attend the Meeting and vote may appoint the Chairman of the Meeting to attend and vote for them. All voting instructions are outlined on the Proxy Voting Form.

Notice of Annual General Meeting continued

6. To qualify to vote:

Shareholding members

- a. To qualify as a shareholding member, you must:
 - ii. if you are an individual, be at least 18 years old on 24 March 2026, and
 - iii. have held shares to the value of not less than £100 in the Society on 30 November 2025, and
 - iv. not have ceased to hold a share or shares in the Society at any time between 30 November 2025 and the voting date, and
 - v. hold a share or shares in the Society on the voting date.
- b. Where the shares are held jointly by two or more persons, only the first named in the records of the Society in respect of those shares can have any voting rights.

Borrowing members

- a. To qualify as a borrowing member, you must:
 - ii. be at least 18 years old on 24 March 2026, and
 - iii. have owed the Society not less than £100 in respect of a mortgage debt on 30 November 2025, and
 - iv. owe the Society not less than £100 in respect of a mortgage debt on the voting date.
- e. Where a mortgage debt is owed jointly by two or more persons, only the first named in the records of the Society in respect of that mortgage can have any voting rights.

7. Number of votes: You can vote only once as a member, irrespective of:

- a. the number of accounts you hold and whether you hold accounts in different capacities (for example, on your own behalf and as a trustee), and
- b. whether you qualify to vote as both a shareholding member and a borrowing member.

Directors standing for election at the AGM



Helen McEwan
Chair - elect
(subject to regulatory approval)

Helen has worked in Financial Services throughout her, almost 40-year career, where she has held senior roles at Aegon, True Potential and Now Pensions. In her most recent Executive Role, Helen was Chief Pensions Officer at USS (until March 2025), which is the largest private pension scheme in the UK.

Helen is also a highly experienced Non-Executive, Chair and Trustee. She joined Legal & General Mastertrust Board in September 2023 and since October 2024, Helen has chaired the Mastertrust Member Experience Committee and is a member of the Group Risk Committee.

Helen is also the Senior Independent Director and Investment Committee Chair at The Exeter and is also a member of the Audit Committee and the Group Risk Committee.

In all her roles, Helen's focus is ensuring that members' interests are protected, and that they receive innovative propositions which offer excellent value for money.

Directors standing for re-election at the AGM



Barry Carter
Chief Executive Officer

Barry joined the Society in July 2022 as Chief Operating Officer and was appointed Chief Executive Office in January 2024. He has 20 years of experience in private and retail banking and previously held a position as Chief Operating Officer at HSBC Private Bank. Barry is a Chartered Certified Accountant, Chartered Banker and is a Member of the Chartered Institute for Securities and Investments.



Anthony Alexander
Non-Executive Director

Tony joined the Society as a non-executive director in December 2023. He is the Chair of the Board Risk Committee and a member of the Audit and Compliance Committee.

Tony qualified as a Chartered Accountant at Grant Thornton, Coventry. He spent 30 years of his career at Nationwide Building Society in a variety of senior Finance, Risk, Audit and Business roles.

Tony is also a trustee for the charity Homeless Oxfordshire that provides accommodation and support for homeless people.

Directors standing for re-election at the AGM



John Lowe
Non-Executive Director

John joined the Society in December 2022 as a non-executive director. He is the Chair of the Audit and Compliance Committee and a member of the Board Risk Committee.

Along with over 25 years' experience of working in financial services, John also brings a wealth of experience as a Board director. After qualifying as a Chartered Accountant with Deloitte, John worked for retail banks, specialist lenders and within the building society sector. He spent 10 years at Coventry Building Society in roles including Head of Credit Risk, Head of Product Development and seven years as the Group Finance Director.

He is currently a non-executive director at Redwood Bank and Chair at Primis, the mortgage and protection insurance intermediary network.



John Mulvey
Chief Financial Officer

John joined the Society in March 2020 as Chief Financial Officer. He has over 20 years of experience in the financial services sector, having previously worked for Melton Mowbray Building Society, where he was the Deputy Chief Executive and Finance Director for 10 years. He is a chartered accountant, having trained and qualified at KPMG, working within their financial services team auditing banks and building societies.

His role at Hinckley & Rugby involves leading the finance and treasury functions, with responsibility for financial and regulatory reporting, and managing the Society's liquidity, funding and capital positions. He chairs the Assets and Liabilities Committee.



Manuela Pifani
Non-Executive Director

Manuela joined the Society as a non-executive director in March 2024. She is a member of both the Audit and Compliance Committee and the Remuneration Committee.

Manuela is a Chartered Banker with 25 years of experience in financial services and retail in a variety of senior Customer Experience, Strategy and Transformation roles for large organisations including Barclays, RBS/ NatWest, Direct Line Group and ASDA.

She also operates as a consultant and thought leader, helping organizations improve customer satisfaction and loyalty, and serves as a Board member for the not-for-profit Customer Institute.

Directors not seeking re-election at the AGM

Nemone Wynn-Evans, Lynda Blackwell and Barbara Taeed have indicated their intention to retire from the Board at this year's Annual General Meeting. The Society and Board of Directors wish to express their appreciation for the considerable contribution they have made to the Society during their service.



Principal Office

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