

Members' Review



marsden
BUILDING SOCIETY

BUILDING
SOMETHING **BETTER**

Contents

Chairman's Welcome	3
Chief Executive's Review	4-5
Meet the Board	6-7
Why the 2026/27 Tax Year Matters	8-9
Our Commitment to Financial Well-Being	10
Ongoing Financial Support for Lancashire	11
We're an Award-Winning Society!	12
Reducing Our Carbon Footprint	13
What's Happening in 2026?	14
Summary Financial Statement	15-23
Auditor's Statement	24
Summary Directors' Remuneration Report	25-27

If you'd like a copy of this document in a more accessible format, email info@themarsden.co.uk or call 01282 440500 and we'll be happy to help.

Chairman's Welcome

A warm welcome to this year's Members' Review. Inside this issue, you'll find details of the Society's performance in 2025, highlights from the last 12 months, and plans for our future.

I'd like to start by saying thank you to all my colleagues for their hard work and dedication, and to our members for their continued support.

2025 saw several changes to the Board. I'd like to extend my best wishes to Heather Crinion, Executive Director and Operations Director, who retired after almost 25 years, and to my Non-Executive Director colleagues Mark Gray and Nicola Webber who retire in March 2026.



We welcomed Darin Landon as Non-Executive Director and Julia Brook as Executive Director and Chief Customer Officer in 2025 and Keith Rolfe who joined the Board in January 2026.

I'm pleased to say that 2025 was another successful year for the Marsden. We delivered a strong financial performance, continuing to grow while maintaining the financial resilience that enables us to invest in the future of the Society.

Our commitment to the high street continued as we refurbished our Lytham and Garstang branches, and completed the purchase of a new property in Colne which the current branch will relocate to in summer 2026.

We upgraded our core banking and cloud technology hosting during the year, with plans to enhance our digital platforms in 2026 to support the growth in online.

As a mutual, we're committed to building a future where modernisation goes hand-in-hand with traditional values and a strong purpose; to support savers and borrowers while caring for our customers, colleagues and communities in a meaningful and sustainable way.

We've defined our plans to 2030 to reflect this, expanding our reach within the region and beyond, growing our online presence, broadening our lending to support more property ownership, and widening access to savings to improve financial resilience.

I hope you'll continue to support us on our journey and I look forward to what the future brings.

John Walker

Chief Executive's Review

Before I share an overview of our business performance, I'd like to thank my colleagues for their hard work and commitment to the Society, and our members for their ongoing support.

2025 was another successful year for the Society as we continued to see strong new business volumes and high levels of retention.

We chose to prioritise competitive rates for members, increasing business volumes within our core mortgage markets, and growing our branch and online savings balances.



Lending

During the year, we increased our gross lending by a third to £171.5m (2024: £130.0m) and supported £223.1m (2024: £233.8m) of mortgages through maturity. The increase in activity supported growth in the residential loan base of 8.7%, or £57.6m to £719.0m (2024: 2.9%, or £18.5m to £661.4m).

Funding

Our funding requirement was set to support our lending target, seeing growth of the retail share and deposit base of 10.0%, or £72.9m to £803.4m (2024: 16.1%, or £101.3m to £730.5m). Our activity in the online savings market complementing the business flows generated through our branch network.

While we continue to attract new savers both online and in branch, our commitment to the branch network remains. Our branch teams support members with their needs, playing an important role on the high street within their local communities.

Financial strength

As we ended 2025, factors defining our strong financial resilience saw our capital resources increase to £58.0m, returning a CET1 solvency of 20.5% (2024: 20.9%). This modest reduction is in line with our plans to grow at a faster rate than the accretion of capital resources. This will continue to 2030, as we pursue our strategy of growing for scale. Despite this, capital surpluses remain strong and significantly above regulatory requirements.

An increase in underlying costs to £12.2m (2024: £10.9m) reflected the ongoing investment in technology and people, including related employer National Insurance. The inflationary increases in operating the Society mitigated in part through efficiencies and ongoing improvements.

2025
A year in view



Total assets

£864.4m

(2024: £796.2m)



Share balances

£788.9m

(2024: £724.7m)



New members

3,554

(2024: 3,931)



Loans to residential customers

£719.0m

(2024: £661.4m)



Statutory profit after tax

£2.5m

(2024: £2.3m)

Customers, colleagues and community

The excellent level of customer service members receive is reflected not just in our Net Promoter Score which was +94.7 in 2025 (2024: +94.9), but in the awards we've been honoured with. Delivering award-winning service wouldn't be possible without the dedication of our colleagues, and we remain committed to supporting their well-being and ongoing development.

Our Charitable Foundation once again provided financial support to our local community, with 11 organisations across the region receiving grants of up to £3,000, and our colleagues donated 228 hours of their time to volunteer for causes close to their heart.

To further support the communities we operate in, we launched a range of business deposit accounts, generating a contribution from the Society to the Community Foundation for Lancashire's Red Rose Responding Fund. We also launched Workplace Savings, a free to implement scheme to help employers support the financial resilience of their workforce.

What comes next?

Looking to the year ahead, we'll continue to focus on our strengths as a modern mutual, building closer relationships with our members and investing to improve the customer experience we offer.

I'm immensely proud of the Society we've built, and look forward to sharing our journey with you as we continue to achieve our vision of building something better, in a meaningful and sustainable way.

Rob Pheasey

Meet the Board

As a member, you get to vote for a range of resolutions at our AGM, including the election and re-election of the Board. We asked the Directors standing for election or re-election at this year's AGM what attracted them to their role at the Marsden.



Julia Brook, Chief Customer Officer
Marsden's mutual heritage and strong commitment to members and communities immediately stood out to me. As Chief Customer Officer, my focus is on strengthening the customer journey – working with colleagues to build lasting trust, support our communities and deliver for members now and in the future.



Darin Landon, Non-Executive Director
I've worked in the building society sector for 42 years and I'm passionate about the difference they make to members and local communities. Marsden has ambitions to grow membership and extend the support it provides to communities. I'm excited by the opportunity to play a part in realising these ambitions.



John Walker, Chairman
The management team and vision to achieve strong and sustainable growth attracted me to my role at the Marsden. Having spent my career focussing on shareholders, I was also attracted to the prospect of working for a mutual where members see the benefit of the hard work our teams put in.



Rob Pheasey, Chief Executive
Having worked for the Society for four decades, I appreciate the unique way member-owned organisations like the Marsden support their members and colleagues. My role, as CEO and custodian, is to ensure that the Marsden delivers on its purpose, with a legacy that supports future generations.



Georgina Smith, Non-Executive Director
Without a doubt, it was the people that attracted me to my role at the Marsden because of the passion they have for both the Society and its members. My role gives me the opportunity to contribute to and support that passion, ensuring the best outcomes for our members.



Maura Sullivan, Non-Executive Director
I'm passionate about the positive impact building societies bring to individuals and their communities, and that inspired me to join the Marsden. It has a long and successful history and I enjoy playing my part in ensuring continued success for its current and future members.



Neal Walker, Chief Financial Officer
I've worked for the Society since 1987 and I'm proud of the role we perform for members in Lancashire and beyond. The mutual structure helps us to make decisions which support member interest, and this attracted me to my role, my focus being to continue to benefit members, now and in the future.

A fond farewell

In December, we said goodbye to Heather Crinion, Operations Director, who retired after almost 25 years at the Marsden.

Heather made a significant contribution to the growth of the Society, overseeing the majority of business teams and ensuring the smooth day-to-day running of our operations.



Why the 2026/27 Tax Year Matters

Changes to ISAs come into force on 06 April 2027. For anyone under the age of 65, the 2026/27 tax year will be a crucial window to prepare.

What's changing?

From April 2027, the government will introduce a new £12,000 annual limit on Cash ISA contributions for savers under the age of 65, a reduction from the current allowance of £20,000.

Although the overall ISA allowance will remain at £20,000, the remaining £8,000 must be placed into an investment product such as a Stocks and Shares ISA, Innovative Finance ISA or Lifetime ISA.

Savers aged 65 and over will keep the full £20,000 Cash ISA limit, creating a new, age-based system.

An important tax year for under 65s

The 2026/27 tax year still operates under the current rules, meaning savers under 65 can put up to £20,000 entirely into a Cash ISA until 05 April 2027.

This provides a final tax year for those who prefer low risk, cash-based saving to maximise tax-free interest before the new restrictions apply.

These changes reflect the government's intention to push working-age savers toward investment-based products, encouraging a broader 'investment culture' to support long-term economic growth.

Alongside this, rules preventing transfers from Stocks and Shares ISAs back into Cash ISAs will also come into effect, designed to stop savers side-stepping the lower cash limit.



Further changes that will impact savers

Savings tax rates are also set to increase from April 2027, which means making the most of your tax-free savings allowance in the final pre-change tax year is even more important.

“For anyone under 65, the message is clear” said Katy Leach, Head of Savings. “The 2026/27 tax year is your last chance to make full use of today’s more generous Cash ISA rules. Early planning, reviewing savings habits, and using the full allowance while it remains available will be key.”

Helping you make the most of the tax year

We'll be focussing on ISAs in March and April to support your tax-year end top ups, help you open your new tax-year account, and answer any questions you have about your ISA allowance or the upcoming changes.

Pop into your local branch, or visit our website, where you'll find useful guides and information to help you make the most of your money.

Remember, your savings are protected

Eligible deposits with the Society are protected up to a total of £120,000 for sole accounts (£240,000 for joint accounts) by the Financial Services Compensation Scheme. You can find out more at www.fscs.org.uk.



Make the most of the tax year with useful guides and information in branch and on our website



Our Commitment to Financial Well-Being

We want to break down barriers to saving, so last year, we launched our Workplace Savings scheme to encourage financial well-being through the workplace.

Our Workplace Savings scheme enables employees to make regular contributions directly from their salary into a Marsden savings account, post-tax, and other deductions, helping to build financial well-being and resilience in a simple and sustainable way.

The initiative was launched following research from the Money and Pensions Service (MAPS) that shows 17% of UK adults have no savings at all, and more than a quarter have less than £100 saved.

A survey conducted by YouGov for the Resolution Foundation found that those with less than £1,000 in savings were almost three times more likely to describe their mental health as poor, compared to those with more than £1,000 saved.

“Employers have a unique opportunity to support their workforce by offering a Workplace Savings scheme through the Marsden” said Jilly Bell, Savings Development Manager. “Our scheme is designed to help employees start with small, regular contributions to make a meaningful difference to their financial resilience and overall well-being.”

Interested in rolling out a scheme?

Find out more on our website, or by emailing wpsavings@themarsden.co.uk.

Ongoing Financial Support for Lancashire

Now in its fourth year, our Charitable Foundation will once again be supporting grassroots groups and projects in Lancashire with grants totalling £30,000.

Supporting at least 10 projects that focus on one of our key themes, our Foundation provides grants of up to £3,000 to support the initiatives that make Lancashire a great place to call home.

From financial well-being to social inclusion and the environment, you can find out more about the themes and criteria your group or project will need to meet on our website.

If your group or project meets the criteria, you'll need to fill in an application form on the Community Foundation for Lancashire's website, www.lancsfoundation.org.uk. You'll have from 01 April 2026 until 06 May 2026 to apply, and each applicant will be contacted by the end of July with news of the outcome.



We've supported 33 groups since our Foundation launched with grants totalling over £90,000



We're an Award-Winning Society!

Last year, we were delighted to win two prestigious awards, highlighting our dedication to delivering excellent customer service and creating an inclusive and engaging workplace.

In March, we celebrated at the Red Rose Awards where we received the highly coveted 'Customer Service' award. A competitive category, the Society was recognised for its exceptional service and the strong relationships that have been built with members.

In September, we were nominated for a further two awards at the Be Inspired Business Awards (BIBAs); 'Employer of the Year' and 'Apprentice Team of the Year'. Crowned 'Employer of the Year', the accolade recognised the Society as an exceptional employer in the region.

"I'm incredibly proud of the team for all their hard work" said Rob Pheasey, Chief Executive. "We hope that every person who interacts with us, whether they're a customer or a colleague, feels valued and can see the hard work our teams put into delivering a first-class service."

We're hoping for more award wins in 2026!

Reducing Our Carbon Footprint

In March 2025, we completed the installation of solar panels at our Principal Office to generate our own clean energy and reduce our carbon footprint.



The 61.6 kWp solar photovoltaic (PV) panels use the maximum space available on the roof to generate as much clean energy as possible.

The panels are projected to generate 58,000 kWh of electricity per year, providing 46% of our annual electricity needs. Not only will this save the Society money, it's also estimated to save around 7 tonnes of CO2 per year.



Following the success of the project at our Principal Office, plans are already in place to roll out solar panels at other Society-owned sites. This will support our vision of building something better for our communities by reducing our impact on the environment in both a positive and sustainable way.

Our latest Impact Report

Our Impact Report is your guide to how we're building something better for our customers, colleagues and communities through a range of initiatives and projects, like solar panels and our Charitable Foundation.

If you'd like to read the report in full, you'll find it on our website.

Building something better for our customers

Our customers aren't just finding a trusted home for their finances, they're finding an organisation that aligns with their values and has their best interests at heart.

We work hard to balance the needs of our customers, delivering great service, making sure our products support financial inclusion and helping to build financial resilience which is important for social sustainability.

What we achieved in 2025

In 2025, we improved our branch network, launched new propositions to increase financial inclusion, and continued to support home ownership, particularly in markets where borrowing levels are most complex. We named 'Business Friends' in each of our branches, and were proud to win the 'Customer Service Award' at this year's Red Rose Awards, a testament to the brilliant service our teams deliver.

What we're working towards

We're always looking to improve the products and services we offer, and will continue to develop our proposition to support our customers' needs. We're making progress towards the provision of better online services, and the move of our Colne branch to a new premises.

We're exploring options to support under-served communities with better access to financial services, continuing to reduce financial exclusion, and committed to building better financial resilience, with ongoing investment in our Workplace Savings Scheme to support businesses across the region.

Why being sustainable matters

As a building society, being sustainable isn't just a strategic choice, it's a responsibility to the communities we serve and the environment we share.

Sustainability matters because it aligns with the core values of reliability. Our members expect us to act in their best interests, not only financially, but ethically and environmentally too, to build something better for those around us.

By committing to sustainable practices, we help to build a better future for all. Whether it's improving our proposition to support financial resilience, reducing our carbon footprint by investing in energy-efficient solutions, or supporting new initiatives to reduce financial exclusion, every step we take contributes to building a more sustainable and equitable society.

Sustainability is about safeguarding the future of our customers, colleagues, communities and planet. As a building society, we have the opportunity and the obligation to lead by example, showing that financial services can be a force for good in the transition to a more sustainable world. Our Impact Report explains in more detail how we're doing that.

Customers Colleagues Communities

We're committed to building something better

What's Happening in 2026?

2026 marks our 166th year in business, and we'll be working hard to continue delivering meaningful changes for our members.

Improving our technology

We're updating our online platform to give savers a smoother, more intuitive experience. As part of this, we're also launching a mobile app, making it easier to access and manage your savings on the go. These improvements are part of our ongoing roadmap to enhance the experience for both savers and borrowers, with further upgrades planned in 2027.

Widening our support for the region

We're exploring ways to grow our presence across Lancashire and the wider Northwest, helping more people to access financial services and strengthen their financial well-being and resilience. This includes reviewing potential new locations and developing community initiatives. These insights will shape our regional strategy as we work to build something better for the communities we serve.

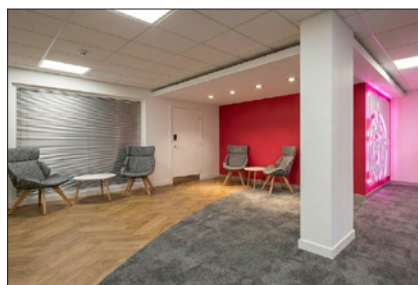
Colne branch relocation

This summer, our Colne branch will be moving to the property vacated by Santander, putting it in the heart of Colne's bustling town centre.

Since we bought the property, work has been going on behind the scenes to draw up plans for the look and feel of the branch, utilising the space to create the friendly and welcoming feel our members are used to.

The 3D renders show the design and how we plan to use the space, making it consistent with the latest refurbishments across our branch network.

We'll share more information as the project progresses and look forward to welcoming you to the new premises!



Summary Financial Statement

for the year ended 31 December 2025

This financial statement is a summary of information in the audited Annual Report & Accounts, the Directors' Report and the Annual Business Statement, available to members and depositors free of charge, online or by contacting your local branch from 26 March 2026.

Summary Directors' Report

The information contained in the Chairman's Welcome and Chief Executive's Review on pages 3-5 and the Financial Performance Review detailed below address the requirements of the Summary Directors' Report.

Financial Performance Review

Overview of Income Statement

As a mutual, the maximisation of profit is not a key aim, however, maintenance of an appropriate level of profit on ordinary activities is important to maintain financial strength and provide cover against negative impacts on capital.

The Society had a strong trading year, with statutory profit before tax of £3.390m (2024: £3.055m).

Statutory Income Statement

	2025	2024
	£'000	£'000
Net interest receivable	43,079	43,099
Net interest payable	(26,479)	(29,442)
Net interest income	16,600	13,657
Other income	216	66
Net losses from financial instruments	(1,015)	(330)
Total income	15,801	13,393
Management expenses & depreciation	(12,228)	(10,895)
Operating profit	3,573	2,498
Impairment (losses) / Gains	(159)	568
Provisions for liabilities	(21)	-
Losses on disposal	(3)	(11)
Profit on ordinary activities	3,390	3,055
Tax	(891)	(730)
Profit after tax	2,499	2,325

This outcome is despite an increasing net loss from financial instruments of £1.015m (2024: £0.330m).

In terms of measuring financial performance, the Board takes the view that risk management considerations should drive management decisions in relation to use of derivatives to manage interest rate risk. Accordingly, the secondary risk of volatility in fair value of these instruments is less able to be managed, therefore it should be isolated when considering trading performance. As a result, the Board tracks underlying performance, excluding fair value gains and losses as set out in the Underlying Income Statement on the following page.

Stay up to date with the latest Marsden news by signing up to our e-newsletter at www.themarsden.co.uk

Underlying Income Statement	2025	2024
	£'000	£'000
Net interest receivable	43,079	43,099
Net interest payable	(26,479)	(29,442)
Net interest income	16,600	13,657
Other income	216	66
Underlying total income	16,816	13,723
Management expenses & depreciation	(12,228)	(10,895)
Underlying operating profit	4,588	2,828
Impairment (losses) / gains	(159)	568
Provisions for liabilities	(21)	-
Losses on disposal	(3)	(11)
Underlying profit on ordinary activities	4,405	3,385
Tax	(1,145)	(808)
Underlying profit after tax	3,260	2,577
Net losses from financial instruments	(1,015)	(330)
Tax on net gains from financial instruments	254	78
Statutory profit after tax	2,499	2,325

Underlying performance reveals an increase in underlying profit before tax to £4.405m (2024: £3.385m), driven by improvement in the Net Interest Margin to support increased IT operating costs and not yet offset, with increased run costs not impacting fully until into 2026.

Statutory profit after tax as a percentage of mean assets relates the level of profitability to the average of total assets on the balance sheet at the beginning and end of the year.

Underlying profit as a percentage of mean assets represents the same ratio, with the post-tax impact of net gains on financial instruments excluded.

During the year, the statutory ratio remained unchanged at 0.30% (2024: -1bps to 0.30%). The underlying ratio increased by 6bps to 0.39% (2024: -3bps to 0.33%).

Looking forward, profitability is anticipated to moderate further as a result of a combination of increased operating costs, primarily as a result of transition to a new cloud-based IT platform during 2026 and increased people costs.

A charge in relation to financial instruments at fair value through profit and loss is anticipated, placing additional downward pressure on profitability. Despite this, profit is anticipated to remain within recent peer group averages for the sector and be sufficient to maintain appropriate capital resources to sustain the Society and protect members' interests.

Net Interest Income

The Net Interest Margin (NIM) represents the average rate received on assets less the average rate paid on liabilities during the year. The principal drivers of the margin are the net interest received from borrowers and liquid assets, less interest paid to investing members and wholesale counterparties.

During the year, the NIM increased by 23bps to 2.00% (2024: -9bps to 1.77%). In response to changes in Bank Rate during the year, changes to administered rate savings have been applied, with margins managed to ensure funding costs remain aligned to market levels to manage funding flows and pass-through of increases in mortgage administered rates is minimised to ensure appropriate margins are maintained.

Looking forward into 2026, competition in both the savings and mortgage market is anticipated to increase as competitors seek to increase scale to manage increased operating costs.

The outlook for interest rates also remains uncertain, with markets forecasting a downward trajectory, however the Board will continue to manage the NIM to deliver the level of profitability judged appropriate to support a sustainable level of growth in both assets and capital in the long term.

Other Income

Other income represents a combination of general insurance and mortgage referral commission receivable, bank charges payable and fees receivable by customers which are not included within effective interest rate calculations.

Other income for 2025 was £0.216m (2024: £0.066m) with £0.154m of fees received for applications not proceeding being recognised with broadly offsetting corresponding valuation costs of £0.142m increasing Management Expenses in year.

Net Gains from Financial Instruments

The Society enters into derivative contracts for risk management purposes only, in accordance with Section 9A of the Building Societies Act 1986 (as amended).

During the year, there was a net loss of £1.015m (2024: net loss of £0.330m) in the Income Statement from financial instruments at fair value through profit and loss. This value represents the net value of Gains on Derivatives not in/prior to hedge relationships and initial amortisation and ineffectiveness in designated hedge relationships.

Market interest rate expectations remained volatile in the year, albeit to a much lesser extent than in autumn of 2022. As a result, the Society experienced decrease in net gains on financial instruments not in/prior to hedge relationships of £0.328m (2024: £0.170m).

Despite the moderation in market volatility, the impact of the events of autumn 2022 continue to impact in line with expectations.

When mortgages complete, the swaps enter a hedge relationship and a broadly offsetting hedged item is recognised. The offsetting hedged item, at fair value when introduced, will also be amortised to the Income Statement over the life of the instrument, which will offset the gain or loss from the fair value of the hedge prior to entering into a hedge relationship.

The charge to the Income Statement relating to designated hedge relationships included amortisation of previous hedged item offsets of £0.599m (2024: £0.571m) with the remaining £0.088m (2024: £0.071m) relating to ineffectiveness in the hedge portfolio.

In future years, there will continue to be a negative charge to the Income Statement on financial instruments at fair value through profit and loss over the remaining life of the financial instruments as the hedge items, predominantly from activity in autumn 2022, continued to amortise, although this will moderate in 2026 and 2027, following which the impact will be substantially unwound.

This will be in addition to pre-hedge relationship gains/losses and ineffectiveness in the hedge portfolio.

Management Expenses

Management expenses include staff costs, IT and all other operating overheads. Together with depreciation and amortisation, these represent the total costs for operation of the Society. The Board balances the requirement to control costs with the strategic imperative to maintain the right calibre of people and continue to invest to support the strategic objectives of the Society.

During 2025, the absolute value of management expenses and depreciation increased by £1.333m to £12.228m (2024: +£0.723m to £10.895m). A significant driver of this increase was people costs (including both number and remuneration of staff and employer National Insurance), IT run and new setup costs exceeding prior year setup costs and recognition of valuation costs on not proceeding cases referred to in other income.

The work of the Marsden Building Society Charitable Foundation continued, once again providing support for 11 organisations across the region. During the year, the Society made a donation to the Foundation of £0.018m (2024: £0.106m). At the end of the financial year, the Society completed pre-funding of the Foundation, with donations having exceeded £1m, with the focus of community activity now switching to other activities.

The ratio of management expenses represents the cost of operating the Society when measured against mean total assets. This represents a measure of the Society's net cost efficiency. During the year, the ratio of management expenses increased by 6bps to 1.47% (2024: +4bps at 1.41%) indicating cost growth continuing to move faster than asset growth.

Looking ahead into 2026, the upward pressure on both the absolute level and ratio of management expenses will continue as Phase 2 of our IT change programme progresses and people costs continue to rise. These costs are essential to ensure the Society continues to meet evolving expectations of members and invests to continue to grow the Society and, in doing so, deliver increased value to current and future members.

Loan Impairment

The performance of the Society loan portfolio remains strong, driven by our control over lending policy, criteria and manual underwriting approach.

During the year, the collective provision has increased by £0.161m to £0.540m (2024: decreased £0.232m to £0.379m), driven primarily by the change in the mix of the loan book in year with a degree of 95% lending in the residential owner occupied market and c75% LTV lending in the buy to let market. Individual provisions are nil (2024: £0.002m) with a £0.002m recovery in year (2024: £0.388m).

Mortgage Arrears and Forbearance

At 31 December 2025, only 0.12% of the residential portfolio was three months or more in arrears or impaired (2024: 0.26%). Of these accounts, 0.08% (2024: 0.10%) relates to deceased customers, where obtaining probate and then achieving sale of the property is taking longer than has historically been the case.

In terms of forbearance, three accounts (£0.702m) have benefited from forbearance, none of which were mortgage charter equivalent six-month payment moratoriums (2024: two accounts of £0.264m). In terms of the commercial portfolio, no loans were past due or impaired (2024: none).

Looking forward, whilst the economic outlook is improved in comparison to prior year, the outlook for house prices remains uncertain. Whilst the Society operates a prudent lending policy to ensure borrowers' affordability is stressed appropriately when loans are underwritten, the potential for increased unemployment will mean some borrowers experience payment difficulties and require our support. The Society is ready to assist members having difficulty servicing their mortgage.

Taxation

The Corporation Tax charge in the year to 31 December 2025 was £0.891m (2024: £0.730m), representing an effective rate of 26.3% (2024: 23.9%). Further detail can be found in the full Annual Report & Accounts.

Statement of Financial Position

During the year, the Society continued to achieve asset growth with an increase of £68.2m to £864.4m, up 8.6% (2024: £47.6m to £796.2m, up 6.4%).

The medium-term objective remains to continue to grow the balance sheet to maintain and improve economies of scale given the pressure on both costs and the NIM. Looking forward to 2026, the Society continues to plan to grow the balance sheet at a marginally faster pace than capital.

Liquid Assets

The Society maintains a portfolio of liquid assets to ensure it holds sufficient resources to meet its obligations as they become due in accordance with Board Risk Appetite.

This involves maintaining cover to meet anticipated stressed withdrawals of retail and wholesale funding, net mortgage flows and other cashflows, which are quantified in accordance with internal stress assumptions approved by the Board.

At 31 December 2025, the Society maintained liquidity resources of 156% (2024: 117%) of its internally modelled stress requirement, the increase being driven by the impact of the increase in FSCS protection from £85,000 to £120,000 in December 2025.

In terms of regulatory metrics, the Liquidity Coverage Ratio was 342% (2024: 645%), the Society holding High-Quality Liquid Assets (HQLA) of £140.3m (2024: £104.8m) vs. an outflow requirement of £45.5m (2024: £45.1m) net of inflows of £4.5m (2024: £28.8m).

The Society held a mix of HQLA instruments, having diversified into FCA Regulated Covered Bonds and Supranational Instruments in the year. Further details can be found in the full Annual Report & Accounts.

Mortgage Assets

Total residential lending, before effective interest rate, impairment and fair value adjustments was £719.0m, up £57.6m or 8.7% (2024: £661.4m, up £18.5m or 2.9%). Gross new lending in year was £171.5m (2024: £130.0m).

Society lending is focused primarily on loans to owner occupiers and both residential buy to let and furnished holiday let landlords.

Loans to owner occupiers represent 68.7% (2024: 68.2%) of mortgages secured on residential property with the remaining 31.3% (2024: 31.8%) being secured on residential buy to let and furnished holiday let property.

The Society has a nationally diversified portfolio of loans secured on residential property, with the largest concentrations of 23.2% in the South East (2024: 23.8%) and 17.6% in London (2024: 17.2%). The average indexed loan to value is 32.3% (2024: 28.9%).

The Society retains a modest exposure to commercial lending, this aspect of the loan book being managed down. At 31 December 2025, these loans net of impairment provisions amounted to £0.105m (2024: £0.116m). These exposures are predominantly on commercial premises occupied by the business owning the property. In terms of geographical location, these exposures are located in North West England.

Further analysis on credit risk can be found in the full Annual Report & Accounts.

Funding

As a mutual, the Society is required to fund the majority of its lending through retail deposits from members. The net change in share balances reflects the net movement in and out of share balances held by individuals with the Society.

During the year, net growth in share balances was £64.2m to £788.9m, up 8.9% (2024: £101.3m to £724.7m, up 16.3%).

Looking forward, the Society core funding strategy is to build a stable retail funding base with a significant majority of FSCS protected balances raising funding directly from individuals, supplemented by corporate deposits.

In terms of share funding, this will be driven by a combination of funding originated in branch and, in response to changing customer behaviour, online and digital channels.

The Society also maintains other deposit funding, predominantly from small and medium sized companies of £14.5m (2024: £5.8m).

In 2025, the Society repaid its remaining drawings under central bank schemes reducing exposure to nil (2024: £5.1m).

The proportion of funding not in the form of individual shares is 1.83% of total shares and borrowings (2024: 1.49%).

Capital

A strong capital position provides a financial cushion against any difficulties which might arise in the business of the Society, and provides protection for members and depositors. Society capital is made up almost entirely of retained profits accumulated over its 165-year history.

Free capital represents gross capital and collective mortgage loss provisions less tangible and intangible assets as shown in the balance sheet.

Society free capital is £56.9m or 7.09% of total share and deposit liabilities (2024: £54.7m or 7.44%). Gross capital comprises reserves, as shown in the balance sheet. Gross capital is £58.0m or 7.22% of share and deposit liabilities (2024: £55.5m or 7.54%).

In addition to the size of capital resources relative to assets, it is important to measure asset size relative to the risk of assets on the balance sheet.

The Core Tier 1 Solvency Ratio measures the ratio of Society reserves against risk weighted assets calculated under Capital Requirements Directive IV. In the case of the Society, this is under the standardised approach to credit risk which uses standard risk weights and places no reliance on internally developed capital models.

The ratio has decreased in the year by 0.37% to 20.53% (2024: decrease of 0.22% to 20.90%).

The Society must also maintain at all times, minimum capital requirements under Pillar 1 of the Capital Requirements Directive plus requirements under Pillar 2A as specified by the Prudential Regulation Authority.

At the balance sheet date, Society total capital requirement was £20.279m, with total requirements constituted of £22.570m relating to Pillar 1 and £0.138m relating to Pillar 2A (2024: £21.359m, of which £21.190m Pillar 1 and £0.169m Pillar 2A).

Regulatory capital held by the Society at the balance sheet date was £58.453m, of which £57.913m was CET1 and £0.540m Tier 2, well in excess of Individual Capital Guidance (2024: £55.748m of which £55.369m CET1 and £0.379m Tier 2).

The Leverage Ratio, defined as the ratio of Tier 1 capital to the total exposure defined as total on and off balance sheet exposures less deductions from Tier 1 capital. The ratio, excluding central bank exposures decreased by 0.41% to 7.26% (2024: increased by 0.50% to 7.67%).

Risk Management Framework

The Society utilises a Risk Management Framework (RMF) to manage the financial and non-financial risks in our operating environment.

We take a proactive approach to risk management, utilising collective skills and experience to drive continuous improvement and to deliver our Strategic Plan.

Metrics are reported to help Board and management understand risks, provide early warning of changes in risk profile, and facilitate effective risk management in everyday decision making and behaviours.

The RMF is designed to:

- Set out a clear vision of how we manage risk at the Society;
- Promote good risk management culture and practice whilst meeting the expectations of the Regulators;
- Facilitate identification, assessment, monitoring and reporting of material risks; and
- Help colleagues to understand their role, embedding in day-to-day operations, the importance of following procedures, operating controls and escalating risk events.

Risk Governance Arrangements

The Board delegates oversight of the RMF and the suite of risk policies to the Board Risk Committee (BRC), which reviews and recommends approval by the Board on at least an annual basis.

The Risk Director oversees the effective implementation of the RMF, including the review of risks and uncertainties in the business.

The Society adopts a three lines of defence model which ensures a clear separation between the ownership and management of risk and controls (first line), oversight, support, and challenge (second line) and internal audit assurance (third line).

The Risk Director produces a quarterly independent Risk Report for BRC including an overview of strategic risks via a heat map; updates on all principal risk categories including latest trend data for our suite of metrics and commentary; updates on key projects; updates on activities of the Risk Team; and tracking of any risk actions to completion.

A concise version is provided for all Board meetings.

The information flow to produce these reports include risk control self assessments; incident reporting; MI from management committees; assurance and audit reports; external horizon scanning; and input from the BSA and events.

The BRC reviews reports to ensure that risk levels remain within the Society's agreed risk appetite.

Principal Risks and Uncertainties

The principal risks to which the Society is exposed can be found in the full Annual Report & Accounts, along with how they are controlled and progress from last year.

The Society has a balanced risk appetite across the principal risks. The Society maintains strong levels of capital and liquidity to provide financial resilience.

Results for the Year	2025	2024
	£000	£000
Net interest receivable	16,600	13,657
Other income and charges	216	66
Fair value (losses) / gains on financial instruments	(1,015)	(330)
Administrative expenses	(12,228)	(10,895)
Provisions for liabilities	(21)	-
Provisions for bad and doubtful debts	(159)	568
Operating profit	3,393	3,066
Loss on disposal of tangible and intangible assets	(3)	(11)
Profit on the year before taxation	3,390	3,055
Taxation	(891)	(730)
Profit for the year	2,499	2,325
Other comprehensive income	20	2
Total comprehensive income for the year	2,519	2,327

Financial Position at the End of the Year	2025	2024
	£000	£000
Assets		
Liquid assets	140,941	130,170
Derivative financial instruments	546	2,682
Mortgages	720,318	661,333
Fixed and other assets	2,570	2,026
Total assets	864,375	796,211
Liabilities		
Shares	788,852	724,666
Borrowings	14,538	10,814
Derivative financial instruments	696	102
Other liabilities	2,316	5,175
Reserves	57,973	55,454
Total reserves and liabilities	864,375	796,211

Summary of Key Financial Ratios	2025	2024
	%	%
Gross capital as a percentage of shares and borrowings	7.22	7.54
Liquid assets as a percentage of shares and borrowings	17.54	17.70
Profit for the year as a percentage of mean total assets	0.30	0.30
Management expenses as a percentage of mean total assets	1.47	1.41

Definitions

The gross capital ratio gives an indication of the extent to which the Society is funded by retained earnings and other reserves compared with shares and borrowings. Gross capital provides a financial cushion against any losses which might arise from the Society's activities to safeguard the interests of investors.

The liquid assets ratio is a measure of the proportion of the Society's funding covered by cash assets or those readily convertible into cash. Liquid assets are, by their nature, realisable to allow the Society to meet withdrawals by investors, make new mortgage loans and fund its business activities.

Profit for the year as a percentage of mean total assets measures the profit after taxation for the year as a proportion of the Society's total average assets during the year. The Society maintains a reasonable level of profit each year in order to keep its capital ratio at a suitable level to protect investors.

Management expenses represent the total cost of administrative expenses and depreciation. They constitute the cost of employing staff, complying with legislation, advertising and maintaining the branch network and Principal Office. The management expenses ratio measures the proportion that these expenses bear to the simple average of total assets at the beginning and end of the financial year.

Approved by the Board of Directors on 04 March 2026 and signed on its behalf by

J L Walker
Chairman

R M Pheasey
Chief Executive

N Walker
Chief Financial Officer

Independent Auditor's Statement to the Members and Depositors of Marsden Building Society

We have examined the Summary Financial Statement of Marsden Building Society for the year ended 31 December 2025 which comprises the Summary Income Statement and Statement of Financial Position together with the Summary Directors' Report.

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 Members' Review with the Annual Report & Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in the Members' Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement.

Basis of Opinion

Our examination involved agreeing the balances in the Summary Financial Statement to the Annual Report & Accounts, Annual Business Statement and Directors' Report. Our report on the Society's Annual Report & Accounts describes the basis of our audit opinion on those Annual Report & Accounts.

Opinion on Summary Financial Statement

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

Use of Our Report

This report is made solely to the Society's members, as a body, in accordance with Section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report 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, for our audit work, for this report, for our audit report, or for the opinions we have formed.

Statutory Auditor

Deloitte LLP

9 Haymarket Square, Edinburgh EH3 8RY

04 March 2026

Summary Directors' Remuneration Report

Annual Statement from the Chair of the People, Remuneration & Culture Committee

The Society's objective when setting remuneration is to ensure that it is in line with the Society's business strategy, risk appetite and long-term objectives. Remuneration is comparable with that of similar organisations in the financial sector to retain, attract and motivate individuals with the required skills and competence.

The remuneration of the Chair, Executive Directors and other members of the Executive team is overseen by the Remuneration Committee, which consists of three Non-Executive Directors and meets a minimum of twice a year.

During the reporting period the composition of the Committee satisfied the Code provisions regarding independence.

At the invitation of the Chair of the Committee, the Chief Executive, General Manager (Compliance) and Secretary, Head of People and/or external advisers may attend all or part of the meeting when judged appropriate. Members of the Committee or attendees take no part in the discussion of their own remuneration.

The Remuneration Committee reviews and updates the Society's Remuneration Policy annually. In setting remuneration, the Committee considers the remuneration levels and structure provided by building societies that are similar in size and complexity. A report may be commissioned from external consultants to assist in this process. The Committee did not use the services of an external consultant during the reporting period.

Remuneration of Non-Executive Directors, excluding the Chair, is determined by the Non-Executive Director Remuneration Committee, taking account of the time commitment and responsibility of the role and the remuneration and conditions for Non-Executive Directors at comparable societies and financial institutions.

The composition of the Committee as at 31 December 2025 was J L Walker (Chair) and R M Pheasey. The remaining Non-Executive Directors take no part in discussion in respect of their own remuneration.

Executive Directors' Emoluments

The remuneration of the Executive Directors is detailed on page 27. Total remuneration payable to the executive management team comprises basic salary, annual performance related pay and various benefits detailed below.

Basic salary

Basic salaries are reviewed and benchmarked annually in line with comparable roles within building societies, across locations and levels generally within the wider financial services industry.

Performance Related Pay Schemes

The Society operates two performance related pay schemes

1. A "Society Bonus Scheme" available to all colleagues, including the Executive Directors. The level of bonus paid is based on criteria set by the Board each year, linked to the overall performance of the Society including both business and risk management objectives.
2. Executive Directors can receive an amount in excess of the Society Bonus Scheme reflecting performance in delivering long-term business plan objectives and individual performance in delivering outcomes in excess of planned performance of the Society.

Performance related payments are taxable but non-pensionable. As a mutual, the Society has no share option schemes.

Benefits

All colleagues, including the Executive Directors, participate in a defined contribution Group Personal Pension Scheme with a contribution rate of 10% of salary per annum. The executive management receive other benefits comprising death in service benefits, lease cars and private medical insurance.

Contractual Terms

There are currently no formal service contracts in existence for Executive Directors at the Society. The employment of Executive Directors can be terminated by either party: for Rob Pheasey and Neal Walker giving one year's notice with compensation for loss of office being 12-months remuneration; for Julia Brook giving 6-months' notice with compensation for loss of office being 6-months remuneration.

Other Members of Executive Management

The Committee is also responsible for determining the remuneration, terms and conditions of other members of the Executive management team in consultation with the Chief Executive. These are the Risk Director and General Manager & Company Secretary. These individuals are eligible for the same benefits as the Executive Directors and have access to the annual performance related Society Bonus Scheme available to all colleagues.

Non-Executive Directors' Emoluments

The remuneration of the Non-Executive Directors is detailed opposite.

Remuneration comprises a basic fee with additional payments for the Chair of a Board Committee to reflect the additional responsibilities of these positions. Fees for Non-Executive Directors are not pensionable and Non-Executive Directors do not participate in any incentive schemes or receive any other benefits.

Non-Executive Directors have letters of appointment, and these are available for inspection prior to the AGM or at the Society's registered address.

Non-Executive Directors do not participate in the Society's Bonus Scheme or receive other benefits or any pension entitlement. There are no service contracts in existence for Non-Executive Directors of the Society.

AGM Vote

We are committed to best practice in corporate governance and will ask members to vote, on an advisory basis, on the Directors' Remuneration Report at the forthcoming AGM.

N J Webber

Chair of the People, Remuneration & Culture Committee

04 March 2026

Notes

1. The Executive Directors can elect to take as a cash allowance up to 10% of salary paid in lieu of pension contributions. During the year R M Pheasey and N Walker took advantage of this option.
2. Executive Directors' salaries are disclosed net of salary sacrificed under the scheme available to all colleagues, within which the Executive Directors participate, with salary sacrificed disclosed within pensions and group life contributions. During the year R M Pheasey, N Walker and H J Crinion took advantage of this option, with H J Crinion also sacrificing part compensation for loss of office.
3. Included within Benefits is the taxable benefit in kind of company cars, provided to Executive Directors. The Society has a policy of offering to Directors only hybrid-electric or full battery-electric vehicles in line with our net zero goals.
4. In respect of H J Crinion, fees/salary and pension contributions includes payments relating to the period from ceasing to act as a Director from 10 September until retirement at 31 December 2025. This includes a payment of £78,294, which relates to the payment to H J Crinion for loss of office on retirement from the Society at 31 December 2025. The total benefit is allocated to Variable Remuneration/Other of £12,992 and Pension Contributions £65,302.

Directors' Remuneration (Audited Information)

2025		Fees/ Salary	Variable Remuneration	Benefits	Pension & Group Life Contributions	Total
Non-Executive		£	£	£	£	£
J L Walker	Chairman	59,115	-	-	-	59,115
M R Gray	Senior Independent Director	34,880	-	-	-	34,880
C McDonald	to 24/02/2025	5,706	-	-	-	5,706
M Sullivan		34,880				34,880
N J Webber		34,173				34,173
G L Smith		34,216				34,216
D Landon	from 22/09/2025	8,916				8,916
		211,886	-	-	-	211,886
Executive		£	£	£	£	£
R M Pheasey	Chief Executive Officer	221,862	40,459	34,750	19,955	317,026
N Walker	Chief Financial Officer	142,448	29,496	26,783	36,655	235,382
H J Crinion	Operations Director to 10/09/2025 and employed to 31/12/2025	90,849	29,195	7,944	128,380	256,368
J A L Brook	Chief Customer Officer employed from 10/11/2025 and appointed to the Board 12/12/2025	23,975	1,133	284	220	25,612
		479,134	100,283	69,761	185,210	834,388
2024		Fees/ Salary	Variable Remuneration	Benefits	Pension & Group Life Contributions	Total
Non-Executive		£	£	£	£	£
J L Walker	Chairman	57,536	-	-	-	57,536
M R Gray	Senior Independent Director	33,945	-	-	-	33,945
C McDonald		33,945	-	-	-	33,945
M Sullivan		33,945				33,945
N J Webber		31,145				31,145
G L Smith		31,145				31,145
		221,661	-	-	-	221,661
Executive		£	£	£	£	£
R M Pheasey	Chief Executive	217,333	15,049	37,476	16,897	286,755
N Walker	Finance Director	137,944	11,466	25,058	35,251	209,719
H J Crinion	Operations Director	94,425	6,547	7,412	39,751	148,135
		449,702	33,062	69,946	91,899	644,609

Get in Touch



In branch

For details of our branch locations and opening hours, visit our website



Online

Visit us at www.themarsden.co.uk



By phone

Call us on 01282 440500*



By post

Write to us at Principal Office, 6-20 Russell Street,
Nelson, Lancashire BB9 7NJ