Registered No: 00320784
National House-Building Council
(a Company limited by guarantee)

Annual Report and Accounts 2025/2026

Contents

NHBC

Strategic report

The directors present their strategic report for the year ended 31 March 2026..

Principal activities

The National House-Building Council ("NHBC", "the Company") is the UK's leading provider of warranty and insurance for new-build homes. It is a non-profit-distributing private company limited by guarantee with no shareholders, independent of government and the home-building industry. NHBC is authorised by the Prudential Regulation Authority (PRA) and dual regulated by the PRA and the Financial Conduct Authority (FCA). NHBC and its subsidiaries form the NHBC Group of companies ("the Group").

NHBC focuses on delivering warranty and insurance products for new-build homes, alongside training, construction quality, inspection and building control services. Profits are reinvested to strengthen our capital base and to support our core purpose – raising standards in house building and protecting homeowners.

Our operating model

Our operating model is built on strong risk management, value for money principles and quality service delivery, driving continuous improvement and maintaining consistently high standards across all our products and services.

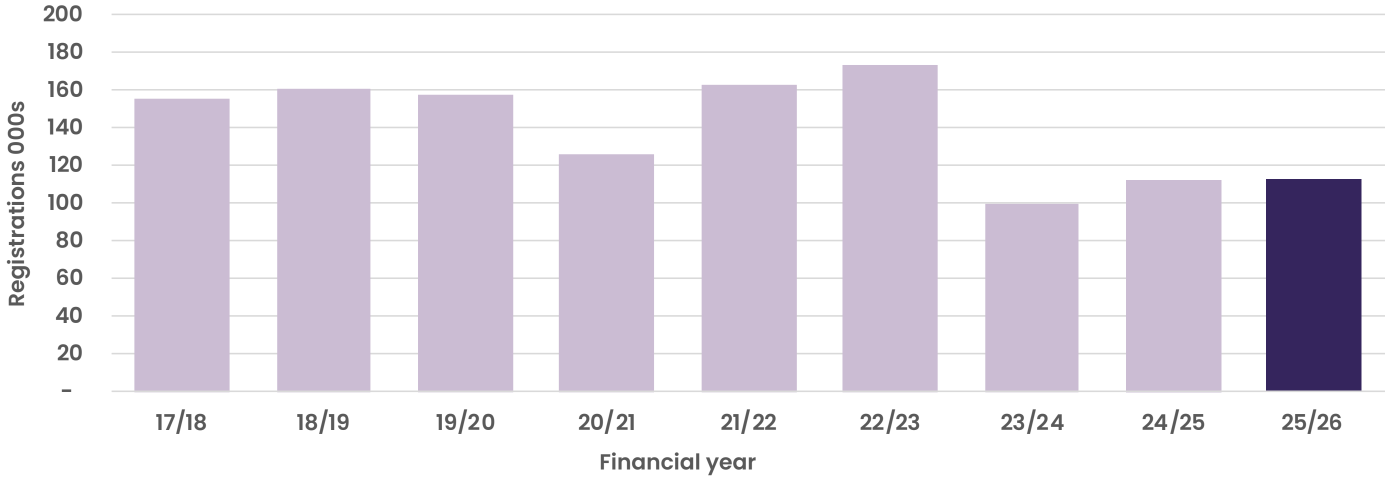
We maintain a register of builders and developers committed to meeting NHBC Standards, inspect homes at key construction stages, provide warranty and insurance protection to homeowners, and use feedback and data insights to refine our NHBC Standards and deliver targeted training and construction quality services for our registered customers and others.

Business review

The year commenced with an anticipated gradual and steady recovery for the home-building sector as the economic outlook was improving alongside the need for the house-building sector to deliver more new homes.

However, registrations of new homes with NHBC remained broadly flat (1% growth vs prior year) compared to 2024/2025 (2025: 12% growth) and remained lower than both the long-term average for the sector and what is needed to achieve the Government's stated home-building goal of 1.5m net new homes over 5 years to 2029.

Recent registrations



While market conditions initially began to stabilise during the year, supported by positive Government policy, falling inflation and interest rates and targeted investment, persistent challenges on both demand and supply sides constrained the pace of recovery and restrained growth. Rising geopolitical tensions have increased uncertainty and exacerbated the subdued market. Mortgage rates have risen and cost pressures increased on households and developers, which has impacted the housing market's recovery. To boost demand and increase housing supply, it is crucial to speed up planning reform, consider easing some regulatory requirements on homebuilders, address construction skills gaps and help homebuyers facing affordability challenges.

These factors suggest that recovery will be slower over a number of years, rather than a period of rapid growth. The industry and homebuyers are expected to maintain cautious optimism in 2026, with most homebuilders forecasting some level of growth, tempered by ongoing market challenges and broader uncertainties.

In the context of ongoing market volatility and uncertainty, NHBC is focused on managing inherent risks effectively and capitalising on emerging opportunities as we continue to support the industry in the delivery of quality homes for homebuyers.

Strategic priorities

Our strategic focus remains centred on delivering our purpose of raising standards in home building by championing high-quality homes and protecting homeowners.

Our market-leading position enables us to maximise our impact on the industry to deliver on our purpose and expand our value-added construction quality, training and data services. Our strategic priorities continue to be:

- strengthening stakeholder engagement to better understand and respond to the needs of our customers and our policyholders
- investing in digital infrastructure and data capabilities to modernise our business and better support the evolving needs of our customers and policyholders
- developing our construction quality and training services to support sustainable growth and drive improvements in construction quality.

In parallel, work is underway to shape our five-year vision and define the refreshed strategy that will support it, work which will continue into 2026/2027. Our core purpose will remain unchanged, with the five-year strategy setting out our longer-term ambitions, and the strategic priorities required to future-proof the organisation, ensuring we continue to be well-positioned to fulfil our purpose.

Results, performance and key performance indicators

In 2025/2026 NHBC's registration volumes were broadly in line with prior year with 1% growth experienced (2025: 12%) but remained lower than the long-term average of approximately 155,000 units as the challenges faced by UK house building in recent years persisted. New homes registered with NHBC in the year ended 31 March 2026 rose to 113,326 (2025: 111,934).

Gross written premiums increased to £171.7m (2025: £161.4m) due to a combination of slightly higher volumes and inflationary price increases. Other income increased to £95.7m (2025: £87.4m) due to rising new home registrations, annual price increases and commercial services income.

The Group profit before tax for the financial year was £30.6m (2025: £89.4m). The technical account profit was £20.0m (2025: £75.8m) and non-technical account £10.6m (2025: £13.6m). The lower technical account result compared to prior year was primarily driven by higher claims incurred following some builder insolvencies and increasing costs on some long-standing complex claims. Excluding investment returns, the non-technical account posted a loss of £11.9m (2025: loss £13.5m) due to continued suppressed registration and income volumes relative to prior years. Our surplus asset investment return was £22.4m (2025: £27.2m).

Net assets grew to £788.4m (2025: £771.9m) due to profits in the year.

Invested assets grew to £1,666.1m (2025: £1,593.8m) as a result of positive returns across most of the investment base, particularly allocations to debt securities, reflecting a higher yield environment.

Net technical provisions increased to £760.0m (2025: £708.9m), reflecting provision strengthening following increased claims experience.

The NHBC Defined Benefit Pension Scheme (the "Scheme") had an accounting surplus of £5.6m (2025: £11.7m surplus).

Continued positive performance has led to an increase in our regulatory standard formula solvency ratio to 269% (2025: 267%), with own funds rising to £953m (2025: £913m).

Future outlook

As set out above, overall home-building activity remains below long-term norms and the pace of recovery has been subdued by geopolitical and economic events. The underlying need for new homes remains, reflecting the imbalance between supply and demand. Momentum is expected to build steadily over the next three years, with homebuilders forecasting growth and government being firmly behind housing delivery.

The Government's housing growth agenda is expected to play an important role in underpinning this improvement. Planned public investment, alongside early gains from targeted policy reforms, is beginning to provide greater certainty and support for increased housing delivery. However, the industry is likely to maintain a cautious outlook for future growth in the near to medium term. This reflects the continued pressures being felt across the industry, particularly on the supply-side, where rising delivery costs, viability challenges and persistent skills shortages continue to limit the pace at which activity can scale.

Demand-side challenges also remain a significant factor. Affordability pressures, driven by higher borrowing costs and broader cost-of-living considerations, alongside continuing fragile consumer confidence, are expected to weigh on near-term growth prospects. In the absence of targeted Government support for homebuyers, demand is expected to rebuild gradually.

Overarching UK economic forecasts point to a subdued near-term outlook, reflecting ongoing geopolitical uncertainty, weaker business sentiment and fragile consumer confidence. Interest rates are expected to increase in the short term, reflecting market expectations of higher inflation driven by the supply chain impacts of the Iran conflict and then move closer towards the Bank of England's target over the medium term. UK GDP growth is expected to remain modest before gradually strengthening later in the decade as conditions stabilise.

While uncertainty remains, this environment should support a more stable foundation for sustained improvement in home-building activity over time. This outlook remains sensitive to global risks which can affect economic conditions, market sentiment and consumer confidence. We will continue to monitor these risks closely and manage their potential impacts as they evolve.

Our ongoing work to strengthen our financial resilience, modernise our technology infrastructure and expand our value-add services portfolio puts us in a strong position to support the industry through a challenging, uncertain period, while continuing to manage risk prudently and invest selectively for the long-term. Maintaining momentum in these areas will remain a key focus, ensuring NHBC continues to support improved construction quality, protect homeowners and fulfil our purpose as the market evolves.

Principal risks and uncertainties

Our approach to risk management and risk governance

NHBC's Risk Management Framework seeks to ensure that all material risks are identified, assessed, managed, monitored and reported. Our risk appetite defines the amount of risk that we are willing to accept in the pursuit of our objectives and sets the boundaries within which we are prepared to operate. These are supported by quantitative and qualitative measures used by management and the Board to understand risk exposure and to implement measures where exposure falls outside of appetite.

We aim to identify and assess key risks that might impact the business in advance of them crystallising. This includes horizon scanning, the anticipation of emerging risks, risk and control assessments carried out by risk owners and the identification and response to risk incidents. All supported by a policy framework that specifies minimum standards in relevant risk areas.

The risk operating model

Risk responsibilities across the organisation reflect the 'three lines of defence' model, with ownership of risk in the first line. Oversight, guidance, challenge and assurance are provided by the second line Risk and Compliance function, with independent assurance activity carried out by Internal Audit acting as our third line of defence.

Our risk profile and key risks

The key risks to achieving our strategic objectives are reviewed and reported on a quarterly basis to the Board Risk Committee. Internal Audit also reviews the adequacy of the key controls designed to mitigate these risks as part of its risk-based audit cycle. Our overarching risks fall into four categories – strategic, financial, insurance and operational.

Strategic risk

NHBC's business model is derived from the purpose of the organisation (see page 3). NHBC's core purpose exposes it to risks attendant with being a specialist, monoline firm and exposure due to unanticipated external factors.

NHBC accepts this but seeks to maintain sufficient financial and operational resilience so that it can continue to support its registered customers (homebuilders) and policyholders through periods of stress. Financial performance is stressed as part of our business planning cycles.

Financial risk

The risk of reductions in earnings or value due to market movements, lack of liquidity or counterparty behaviour, could result in an inability to meet policy obligations and regulatory capital requirements.

Our investment approach is to take a buy and maintain approach, with a focus on high-quality fixed income and government or quasi-government holdings. Assets are closely matched with insurance liabilities to manage potential basis risk. The investment position for both the liability matching portfolio and our surplus assets is actively monitored to ensure exposure remains within agreed appetites.

Insurance risk

The drivers of NHBC's insurance risk profile include the propensity of registered customers to self-repair building defects, issues with a building system or common components, the insolvency of one or more large, registered customers, inadequate pricing or the failure of a reinsurance counterparty.

To manage these risks, NHBC has well-defined mechanisms in place to monitor registered customers and reinsurer performance. Claims and inspection trends are fed back to ensure root causes are identified and addressed in NHBC Standards and operational practices, with pricing reflecting the underlying risk.

Operational risk

NHBC is exposed to the risk of failing to maintain adequate processes, sufficient or sufficiently experienced people and systems capability and resilience. Crystallisation of these risks would be operationally or financially disruptive, as well as potentially impacting on compliance with regulatory or legal obligations. NHBC is also exposed to the risk that ineffective technical risk management results in low-quality homes being built, potentially leading to increased claims, reputational damage and consumer dissatisfaction.

NHBC accepts that operational risks are inherent to our business model and seeks to manage these in line with Board risk appetites with a combination of risk and control assessments, targeted risk reviews, a combined assurance approach on strategic projects, scenario analysis and resilience testing. We also take a robust approach to technical risk management which includes setting standards, site inspections, technical assessments and delivering Construction Quality Reviews. We have made changes to the way we deliver technical risk management activities, using technology to enhance our processes and following a more flexible, risk-based approach.

Non-financial and sustainability information statement (NFSIS)

Climate-related financial disclosures

Governance of Climate-Related Risks and Opportunities

The Board retains overall responsibility for oversight of climate-related risks and disclosures, including review of principal risks, scenario analysis and resilience. Further oversight is provided as part of business plan and annual report approval. Executive management is responsible for implementation, supported by established governance forums which monitor emerging risks, mitigation actions and regulatory developments. Climate-related matters are reported through existing governance channels to ensure appropriate escalation, challenge and oversight.

Identification and Assessment of Climate Risks

Climate-related risks are embedded within NHBC's enterprise risk management framework as cross-cutting risks affecting insurance, operational, financial and strategic risk categories.

Material climate risks and opportunities are identified through periodic assessments and are reviewed at least annually by business owners and escalated through governance structures as appropriate.

Risks and opportunities are assessed across the following time horizons:

- **Short term**: to 2029 (aligned to business planning cycle)
- **Medium term**: 2030–2036 (aligned to product lifecycle)
- **Long term**: post 2036

Identified climate-related risks and opportunities directly inform NHBC's strategic priorities, including underwriting approach, standards development, investment strategy and operational resilience planning. Climate-related risks are reflected, where material, within the Group's principal risks, including insurance, regulatory and operational risks. Opportunities include development of standards for low-carbon construction, enhanced data and modelling capabilities, and supporting the transition of the home-building sector.

Material Climate-Related Risks and Mitigations

Physical Risks (Medium–Long Term)

Risk: Increased frequency and severity of weather events may increase claims volumes, costs and settlement times.

Mitigation:

- Analysis of claims and weather data to inform pricing and forecasting
- Development of scenario-informed climate modelling
- Operational resilience and surge capacity planning
- Supplier performance and capacity management

Transition Risks

Policy and Legal (Medium–Long Term)

Risk: Regulatory change, cost inflation (including carbon-related costs), and inadequate disclosure may impact pricing, compliance and licence to operate.

Mitigation:

- Integration of climate considerations into pricing, underwriting and product governance
- Ongoing monitoring of regulatory developments and disclosure requirements

- Regular review of policy wordings
- Training and capability development to support high-quality reporting

Reputational (Medium–Long Term)

Risk: Failure to support industry transition may adversely affect stakeholder confidence and NHBC's market position.

Mitigation:

- Ongoing engagement with government, regulators and industry bodies. For example, our current work with Future Homes Hub to support the effective delivery of the Future Homes Standard
- Continued investment in standards, innovation and research
- Monitoring and reporting of progress against net zero targets, as NHBC aiming for net zero by 2050
- Engagement with suppliers to support decarbonisation
- These current actions support positive outcomes for key stakeholders, including customers (homebuilders), consumers (policyholders), regulators and the wider housing market

Market and Financial (Long Term)

Risk: Exposure to climate-related impacts within investments, increased operating costs, and reduced reinsurance capacity.

Mitigation:

- Responsible Investment policy incorporating ESG considerations
- Monitoring and selection of strong asset managers and partners, alongside climate-related data availability
- Integration of climate considerations into business planning and forecasting
- Active management of reinsurance counterparties and diversification

Technology (Medium–Long Term)

Risk: Inadequate adoption or oversight of low-carbon construction methods may increase defect risk and operational costs.

Mitigation:

- Investment in technical expertise and resource capacity
- Development and maintenance of standards for new technologies
- Ongoing monitoring of emerging construction methods

Integration into Risk Management Framework

Climate-related risks are integrated into NHBC's overall risk management framework and are not treated as a standalone category.

- **Policies**: Updated regularly to reflect material climate risk exposures
- **Processes**: Climate risks incorporated into enterprise risk assessments, reporting and review cycles
- **Risk classification**: Climate risk is considered across all principal risk categories

Metrics and Targets

NHBC monitors climate-related risks and performance through a combination of operational, financial and sustainability metrics. The key metrics include, where relevant, weather-related claims trends, exposure to climate-sensitive risks, operational energy consumption, and greenhouse gas emissions. These metrics are used to monitor risk exposure, inform pricing and underwriting decisions, and track progress against emissions reduction targets.

Where appropriate, these metrics are incorporated into business planning, forecasting and risk monitoring processes. Targets relating to emissions reduction and operational performance, including our net zero 2040 target for Scope 1 and 2 emissions which is linked to annual bonus targets and Long-Term Incentive Plans (LTIPs), are reviewed periodically to ensure alignment with regulatory expectations and NHBC's long-term strategy. Emissions targets cover NHBC's operational footprint and, where data is available, key elements of the supply chain, with scope and methodology aligned to recognised reporting standards.

Scope 1 and 2 emissions reporting is provided in measurement section below.

NHBC has committed to achieving net-zero by 2050, in line with the UK's nationwide 2050 target, with an additional commitment to reduce Scope 1 and 2 emissions by 90% by 2040, ahead of the 2050 target.

Scenario Analysis

NHBC assesses its resilience under a range of qualitative climate scenarios, including:

- Early action (orderly transition)
- Late action (disorderly transition)
- No additional action (high warming scenario)

These scenarios consider both physical and transition risks and their potential impacts across:

- Insurance liabilities: claims frequency, repair costs, construction practices
- Operations: inspection activity, regulatory change, workforce capability
- Financial position: investment performance, reinsurance availability and operating costs

The potential financial impacts of climate-related risks, including claims costs, operating expenses and investment performance, are considered within the annual business planning cycle and stress testing processes. This supports the assessment of capital requirements, pricing assumptions and long-term financial resilience.

The results of scenario analysis are used to inform strategic decisions, including underwriting approach, pricing assumptions, capital planning, and prioritisation of investment in data, systems and technical capabilities.

Scenario analysis remains subject to inherent uncertainty, particularly due to limitations in historical data, evolving construction practices and the long-term nature of climate impacts. Assumptions are periodically reviewed and refined as data quality, modelling capability and industry practices develop.

Resilience and Outlook

Based on the analysis performed, NHBC considers its strategy and business model to be resilient over the short, medium and long term. This reflects:

- integration of climate risk into strategy and risk management
- ongoing enhancement of data, modelling and technical capabilities
- maintenance of a strong capital and solvency position

NHBC will continue to evolve its approach as climate-related risks, regulatory expectations and industry practices develop with a focus on enhancing modelling capabilities, improving data quality, and further embedding climate considerations into underwriting, investment and operational decision-making.

Measurement

Given the longer-term nature of our products and business model compared with the wider insurance industry, we are taking a long-term approach to the development of broader climate metrics and associated targets appropriate to our business.

Our Scope 1 and 2 emissions are reported in the table below, measured in tonnes of CO2-equivalent (tCO2e). To date, we have focused on reducing Scope 1 and 2 emissions from a base year of financial year ended 31 March 2020. Year-on-year reduction targets are included in the annual bonus targets of all staff, as well as the long-term incentive plan (LTIP) for senior executives.

Carbon footprint (tCO_2e)							
	19/20	20/21	21/22	22/23	23/24	24/25	**25/26**
Scope 1	2,740	1,783	2,052	1,999	996	957	**661**
Scope 2 (Location-based)	351	237	304	342	498	515	**474**
Scope 2 (Market-based)	447	383	522	636	493	290	**307**
Scope 1 + 2 (Market-based)	3,187	2,167	2,574	2,635	1,489	1,247	**968**

Significant reductions in both Scope 1 and Scope 2 (market-based) emissions have been achieved since our base year. The majority of NHBC's Scope 1 emissions relate to our vehicle fleet. Covid-19 impacted business travel, resulting in lower emissions in FY20/21. As activity recovered, emissions grew again. However, work to electrify our vehicle fleet has resulted in sizeable reductions in Scope 1 emissions since FY21/22, despite increasing business activity.

Market-based Scope 2 emissions have reduced from FY22/23 to FY25/26, despite kWh consumption rising. This results from switching to renewable electricity contracts at our Milton Keynes office and our Cambridge Training Hub. The increased consumption for Scope 2 is due to greater mileage in electric vehicles compared with fuel vehicles and the addition of NHBC Training Hubs, which run solely on electricity.

The calculations of our non-investment carbon emissions (Scopes 1, 2 and 3 categories 1-14) are calculated annually and verified by our external auditors, Planet Mark. More detailed metrics of our Scope 1 and 2 emissions are given as part of our Streamlined Energy and Carbon Reporting (SECR) below.

Streamlined Energy and Carbon Reporting (SECR)

Scope 1

For the year ended 31 March 2026, the annual quantity of emissions in tonnes of CO_2 equivalent ($C_{O2}e$) and kWh resulting from activities for which we are responsible involving combustion of gas and consumption of fuel for the purposes of transport is shown in the table below.

	tCO_2e		kWh	
	25/26	24/25	**25/26**	24/25
Combustion of gas	**194**	210	**1,058,543**	1,148,076
Consumption of fuel for the purposes of transport	**467**	742	**1,960,972**	3,134,441
	661	952	**3,019,516**	4,282,517

Consumption figures for combustion of gas are sourced from our facilities management suppliers and energy providers. Conversion factors supplied by the Department for Energy Security and Net Zero (DESNZ) are applied to derive the equivalent tonnes of CO_2.

Consumption of fuel for the purposes of transport relates to our corporate vehicle fleet. CO_2 and kWh metrics are based on business miles travelled and how the vehicle is powered (e.g. diesel, petrol or hybrid), with conversion factors supplied by DESNZ.

Both consumption and CO_2 figures under Scope 1 have reduced over time, due to the migration of fleet vehicles from diesel and petrol to mostly electric vehicles.

Scope 2

For the year ended 31 March 2026 the annual consumption (kWh) and emissions (tCO_2-equivalent, market-based) resulting from the purchase of electricity for our own use is shown in the table below.

	tCO_2e		kWh	
	25/26	24/25	**25/26**	24/25
Consumption of electricity at our buildings	**58**	37	**1,276,852**	1,264,837
Consumption of electricity for the purposes of transport	**248**	253	**1,381,608**	1,221,535
	307	290	**2,658,460**	2,486,372

Figures for the consumption of electricity at our buildings are sourced from our energy providers. Market-based emission factors are applied to derive the tonnes of CO_2e. These factors are calculated from the fuel mix of our energy suppliers; a residual grid mix is assumed where an electricity supplier is not known.

Scope 1 and 2

In addition to fleet decarbonisation and renewable energy procurement, we have carried out building upgrades following our 2024 Energy Savings Opportunities Scheme (ESOS) Phase 3 report. We continue to implement remaining measures including completing LED installation, sub-meters, enhanced BMS, zone heating and smart plugs.

The ratio which expresses the Company's annual emissions and consumption in relation to a full-time equivalent employee (FTE) is shown in the table below.

	tCO_2e/FTE		kWh/FTE	
	2026	2025	**2026**	2025
Scope 1 + 2 (market-based)	**0.70**	0.94	**4,120**	5,124

People, communities and environment

We are committed to operating responsibly, embedding sustainability across our operations and positively impacting our people and communities.

Our people

Our business is built on talented people with stand-out expertise. We work as one connected team to deliver exceptional outcomes for our registered customers and policyholders. We live our values: excellent, human, connected and progressive.

Current workforce

Our workforce stands at 1,401 full-time equivalent employees, with around 621 based in Milton Keynes and London, and 780 field and home-based employees across the UK. Of these, 886 worked in inspection and related operational roles.

Gender pay gap

We continue to focus on narrowing our gender pay gap, which now stands at 14.1% (mean) (2025: 14.9%) and 15.7% (median) (2025: 16.3%) as of April 2026. The current gap is primarily due to under-representation of women in higher-paid senior leadership and technical positions, a challenge which is faced by many organisations in the financial services and home-building sectors.

We are committed to addressing the gender pay gap through comprehensive initiatives that support inclusion and equity. Our Remuneration Committee reviews pay practices to ensure fairness, while senior management has set gender and ethnicity targets linked to pay. We have implemented strategies to enhance career development opportunities and flexible working options across our workforce. To promote inclusion, managers are encouraged to nominate diverse candidates for development programmes and to support career mentoring and women's development initiatives.

Female to male employee ratio

Our female to male ratio averaged 1:2 (2025: 1:2), with females comprising 57% (2025: 57%) of our workforce in non-construction roles. We engage in initiatives to improve our gender mix, including career mentoring and our development programme for female colleagues.

People with a disability

We provide a safe and inclusive work environment for all, taking a positive approach to disability and long-term health conditions. We are members of the Government's Disability Confident employer scheme and give full and fair consideration to applications for employment from all parties, giving due regard to each individuals particular aptitudes and abilities.

We ask all applicants whether they need any particular arrangements or adjustments for any part of the recruitment and selection process, making it clear that adjustments are available – for the application process, the interview, the job itself and any training they may undertake. All new starters complete a pre-employment medical questionnaire and, where required, a risk assessment, and any necessary adjustments are put in place before they start work and kept under continuous review.

Mandatory training is given to all employees which includes the provisions under the Equality Act 2010. Education on disability inclusion is available through events, awareness communications and signposting to resources for all colleagues, plus a variety of e-learning modules for managers.

For people who advise that they have a disability or long-term health condition, we monitor and measure data on their hiring, development, promotion and leaving, which informs our strategy and action plan.

Employee networks

We have four Be Me: Employee Networks – Proud, Race Equality, BuildHer and Enabled. The networks are formally governed with nominated network chairs; they promote inclusivity and provide support and education to colleagues to make NHBC a more inclusive business.

We have also formed six smaller, more informal employee-led groups, or 'Circles' (Armed Forces, Christian, Neurodiversity Support, Women in Construction, Menopause Support and Fertility Support). These self-governed groups enable people to connect on common experiences and provide mutual support.

Armed Forces Covenant and Veterans' Network

We are committed to the Armed Forces Covenant, successfully revalidating our Silver Award under the Defence Employer Recognition Scheme in November 2025 and applying for the Gold Award in March 2026. Our Armed Forces Circle connects our 35 former service people.

Employee engagement

High levels of engagement and employee satisfaction are crucial. Our latest Peakon employee engagement survey showed an overall engagement score of 8.6 out of 10, putting us in the top 5% of companies using the same survey platform.

The executive directors engage with colleagues throughout the year providing operational updates, and insights on financial and economic factors affecting the Company's performance. They also regularly engage with the Staff Association, helping to bring company and employee interests together.

NHBC encourages employee involvement in the Company's performance through its annual bonus scheme, which is an important part of NHBC's overall reward framework.

Our employees are the backbone of our success. We prioritise their wellbeing, professional development and job satisfaction. Our policies ensure a safe, inclusive and supportive work environment, promoting diversity and equal opportunities. We invest in continuous training and development to empower our employees and enhance their skills. The positive outcomes of these policies are reflected in our high employee retention rates and overall job satisfaction.

Further details on how the directors engage with colleagues is set out under 'Our people' in the Section 172(1) statement on page 15.

Learning and development

We continue to progress the learning and development of our people, including targeted training on Consumer Duty, governance, health and safety, management and leadership development. We also launched our graduate scheme in 2024, securing six graduates with permanent job offers, a scheme that was repeated in 2025, with recruitment underway for the 2026 programme.

Health, safety and wellbeing

We promote a culture of continuous improvement in health and safety, achieving Gold Award status from the Royal Society for the Prevention of Accidents for eight consecutive years. We support colleagues with their physical, mental, financial and social wellbeing through various targeted initiatives, including a 24/7 employee assistance programme.

Anti-corruption and anti-bribery

We maintain high standards of ethical behaviour and have implemented a Risk Management Framework to prevent bribery and corruption. These clearly define employees' roles and responsibilities while complying with relevant legislation and regulation such as the UK Bribery Act 2010. Our Employee Handbook also sets out our zero tolerance of bribery or corruption.

Processes have been implemented to control the risk of bribery and corruption, including regular risk assessments, mandatory training for employees, due diligence of third-party relationships, gifts and entertainment and conflicts of interest procedures and a whistleblowing portal. These support the outcomes of maintaining a culture of integrity and ethics, and seeking to prevent, detect and report financial crime, including bribery and corruption. Our chief risk officer is accountable to the Board, providing regular reporting on financial crime matters, including a quarterly report to the Audit Committee evidencing the effectiveness of controls and the management of financial crime risk associated with our activities.

Respect for human rights

We respect the human rights of all those impacted, directly or indirectly, by our actions. This includes the supply chain for NHBC's operational expenditure and for remediation work undertaken on homeowners' properties in relation to our Buildmark warranty and insurance product. We have a Procurement Code of Conduct to ensure our people are aware of our responsibilities, and our Modern Slavery Statement is published annually on our website. Our suppliers must complete a due diligence questionnaire which includes confirmation that they have read our Modern Slavery Statement and are compliant with the Modern Slavery Act. We request copies of our suppliers' own Modern Slavery Statements and details of how their organisation mitigates the risks of slavery and human trafficking within their business. These are reviewed by our Procurement team, and any concerns are addressed prior to engagement with the supplier.

Community

The 'our Communities' programme delivers initiatives that make a real difference to the communities in which we operate. We support national and local charity partners, including Crisis, Marie Curie, Youthbuild UK and various charities across Milton Keynes, through corporate sponsorship, fundraising, matched funding, organised events and by providing each colleague with two days of paid volunteering leave each year.

NHBC is committed to making a positive impact on society. Our policies on social matters are designed to foster inclusivity, support local communities and contribute to societal wellbeing in Milton Keynes and in the areas near to our Training Hub locations. The activities are part of our Sustainability Strategy and focus on supporting young people through employability and careers events, on homelessness and the more disadvantaged and vulnerable members of the community.

Policy outcomes

By implementing and adhering to company policies, we have seen positive outcomes in social matters, employee relations and environmental matters, which in turn support our business objectives and enhance our corporate responsibility.

Looking ahead to 2026/2027

We are committed to operating responsibly, embedding sustainability across our operations and positively impacting our people and the communities in which we operate. We will continue to maintain our levels of sponsorship and support and introduce new initiatives to give back to our communities, local schools and our charity partners. We will continue to encourage our people to use their two days' paid leave to volunteer. To mark our 90th anniversary we have set ourselves an ambitious target to raise £90k for Crisis, our corporate charity partner.

Other information required to be disclosed under s414CB in the non-financial and sustainability information statement section can be found in the following sections of the Annual Report:

Information	Section in Annual Report and Accounts	Page
Company's business model	Principal activities and operating model	2
Principal risks relating to non-financial and sustainability information in connection with operational risk	Principal risks and uncertainties	5
Environmental matters (including related non-financial KPIs)	Climate-related financial disclosures	6
	Streamlined Energy and Carbon Reporting	9
Employee matters	s172(1) statement	15
Social and community matters	s172(1) statement	18
Modern Slavery Act	Please see our website **here**	

Section 172(1) statement

Stakeholder engagement

The Board fulfils its Companies Act 2006 section 172 responsibilities by setting NHBC's strategy, culture and values to raise standards and protect homeowners, ensuring decisions support long-term sustainability, financial resilience and stakeholder benefit. Stakeholder engagement is embedded in strategic planning and decision making, with insights from across NHBC informing Board discussion on risk (whether current or emerging), environmental impact, reputation, regulation and market developments. The Board maintains strong governance through compliance with NHBC's constitution and regulatory frameworks, financial oversight, robust internal controls and effective resource allocation. The annual review in 2025 assessed Board effectiveness, further details of which are set out in the corporate governance report on page 19.

Key Board decisions in 2025/2026

Our experienced and diverse Board makes informed decisions that support NHBC's long-term success with stakeholder engagement and insight from executive directors providing a comprehensive understanding of the operating environment and emerging trends.

Decisions	Board considerations	Principal stakeholders
Approved the 2026/2029 Group Business Plan	• Economic and market outlook • Prior year performance • Market opportunities and challenges • Builder activity • Policyholder sentiment • Regulatory landscape • Capital strength and long-term sustainability	Registered customers Policyholders Regulators Our people
Approved the Sustainability Strategy	• NHBC's sustainability ambitions and commitment to net zero by 2040 from our own operations (Scope 1 and 2) • Importance of a clear position on sustainability and decarbonisation for NHBC's reputation and long-term vision • Active monitoring of emerging sustainability regulations • Mitigating emerging climate change risks and recognising opportunities • Diversity, equity and inclusion and social responsibility in operations and communities	Communities Our people Regulators Policyholders Customers
Approved the governance structures and Board and executive appointments	• Annual review of the governance, oversight and representation on the Board and its committees • Recruitment and appointment of three non-executive directors to the Board as part of the normal renewal cycle on completion of their terms and two executive director appointments: the chief executive officer following retirement and chief financial officer following the unexpected passing of the incumbent.	All
Approved the London Accommodation Strategy	• Support for NHBC's strategic imperatives by: – providing a modern and agile working environment – attracting and retaining talent – reducing the carbon footprint – enhancing commercial focus	Our people

Decisions	Board considerations	Principal stakeholders
Approved the Annual Report and Financial Statements	• Review and refresh of the approach to reporting under the Wates Principles of Corporate Governance	Regulators Registered customers Policyholders Council members Our people
Approved the updated scope of a programme focussed on delivering modern and agile technology and processes, to improve capability, capacity and flexibility	• Modernise NHBC's operational claims and underwriting platforms to improve efficiency and accuracy, and provide our inspection and claims investigating teams with modern tools and processes • Ensure policyholders benefit from a seamless digital experience with enhanced claims processing and greater visibility throughout their claims journey • Enhance business agility by enabling faster responses to regulatory changes and registered customer demands • Improve service delivery through enhanced digital platforms, greater transparency in claims and underwriting processes, and improved regulatory compliance • Opinions from the second and external third line assurance reviewing delivery progress	Our people Policyholders Registered customers
Approved the Consumer Duty Annual Assessment Report	• Assessed Consumer Duty compliance with regulatory obligations ensuring good outcomes and fair value for consumers • Identified and mitigated risks, particularly around technology developments and resourcing capacity, which were seen as manageable • Reviewed Senior Management Function Holder attestations to meeting their responsibilities under Consumer Duty, informed by assessments of consumer outcomes and ongoing monitoring • Reviewed opinions from Risk and Compliance and Internal Audit confirming NHBC's compliance with the Consumer Duty requirements	Regulators Policyholders

How the Board has engaged with our stakeholders

The Board is committed to understanding and considering the views of NHBC's stakeholders in all its deliberations and receives regular insights from them. This engagement provides the Board with a comprehensive and balanced understanding of stakeholder priorities, emerging themes and the broader potential impact of its decisions. The table below summarises the Board's engagement with our key stakeholder groups and the mutual value created by this.

Stakeholders	How we engage	The value we create
Our people		
	The Board recognises the importance of effective employee engagement and uses a range of mechanisms to understand their views including meeting with emerging talent and employee networks, visits to NHBC Training Hubs, and through informal interactions with colleagues. The way we engage with employees is also described in the Non-financial and sustainability information statement on page 6.	We provide competitive, market-aligned reward packages and a wide range of benefits and recognise the success of our colleagues' contributions and achievements. We foster an inclusive culture where colleagues feel respected and supported to be their authentic selves. Our colleagues are central to what we can achieve and deliver for our stakeholders and we provide various wellbeing initiatives to ensure colleagues are supported if and as required by us. We welcome talented people from all backgrounds, creating a safe, accessible and inclusive environment in which colleagues and NHBC can thrive. We take a proactive approach to disability and long-term health conditions and proudly participate in the Government's Disability Confident employer scheme. We invest in personal and professional development across our colleagues' careers to support our talent and deliver great outcomes for our stakeholders.
Council members		
	The Board engages with Council members through quarterly newsletters, the annual Council member event, the Annual General Meeting and the annual lunch, providing opportunities for dialogue on NHBC's performance, strategy and governance.	We provide engagement opportunities to enable Council members to question, challenge and contribute to NHBC's purpose and strategic direction, strengthening their role in oversight and governance, ensuring their collective interests are considered in all strategic and operational matters. We work closely with individual members through the industry bodies they represent as part of our day-to-day activities, ensuring regular dialogue and strong connections with the house-building sector.

Stakeholders	How we engage	The value we create
Our policyholders		
	The Board receives insight on policyholder experience and outcomes through insight surveys, the New Homes Community Panel, direct homeowner communications and, this year, increased encouragement for policyholders to share feedback through Trustpilot, helping us gather a broader range of real-time customer insight.	We design and govern insurance products that protect our policyholders and deliver good consumer outcomes to avoid foreseeable harm and ensure fair value. Through our Consumer Duty framework, we focus on clear communication, responsive support and products that meet our policyholders' needs and provide good consumer outcomes. We continuously gather insights including through our annual Policyholder Satisfaction Tracker, to drive improvements to our claims handling, service quality and the overall policyholder journey.
Our registered customers		
	We engage regularly with our builder customers through our Business Development, Regional, Operations, Underwriting and Customer Services teams, supporting all aspects of site registration, technical inspection, set up and ongoing operations. Relationships are strengthened through site and factory visits, including direct engagement by Non-Executive Directors through Pride in the Job awards and builder site visits, enabling open dialogue on compliance, quality, innovation and performance. We support registered customers and institutional landlords through NHBC Standards, inspections and technical guidance, helping to improve build quality, protect assets and reduce defects. We also invest in training and development, including CPD and targeted skills programmes such as timber frame erection, and promote quality and collaboration through events and forums including Pride in the Job and BEYOND Live. A Non-Executive Director chairs the Construction Quality Expert Panel, an external group of industry experts that provides independent insight, challenge and guidance on construction quality and related issues.	We create value for our customers by enabling them to sell new homes with the benefit of NHBC's warranty and insurance products, together with access to our resolution service and the NHBC guarantee. Our purpose to improve construction quality is delivered through the NHBC Standards, our inspection process and the technical assessment and guidance we provide to our customers. We provide additional value with our free homeowner satisfaction surveys, with optional in-depth reporting to help customers strengthen their consumer engagement, customer experience and the quality of homes they build. To support our purpose of improving quality we also offer technical and data services including residential construction statistics and bespoke consultancy to support informed decision making and better build planning.

Stakeholders	How we engage	The value we create
Our suppliers		
	We operate a Procurement and Supplier Management Policy to ensure compliance with regulatory obligations, data governance standards, corporate responsibility principles, and financial and contractual requirements, supported by our broader Risk Management Framework and Financial Crime Policy. Further information on supplier adherence to our Modern Slavery Act Statement is set out on in the Non-financial and sustainability information statement and is available on our corporate website on the following link: **Modern slavery statement** - NHBC	Our suppliers benefit from structured sourcing routes, transparent expectations and fair, compliant and well-governed tendering. By following regulated, risk-based procurement and materiality assessments, NHBC provides suppliers with a fair and predictable environment in which to compete for work. Well-managed supplier relationships, including regular supplier management reviews, create opportunities for ongoing collaboration and continuous improvement. Clear specifications, risk guidance and the Procurement Code of Conduct help suppliers align with NHBC's regulatory, safety and service-quality expectations, reducing uncertainty and improving outcomes.
Regulators		
	We maintain constructive and transparent relationships with our key regulators, including the Prudential Regulation Authority, Financial Conduct Authority and Building Safety Regulator, while also actively managing engagement with other stakeholders such as HMRC, the Health and Safety Executive, the Information Commissioner's Office, OFSTED and The Pensions Regulator	NHBC maintains constructive, transparent and timely engagement with the PRA, FCA and the Building Safety Regulator, providing high-quality reporting and clear assurance over governance, risk management, operational controls and technical competence. Through open dialogue, regulatory submissions and adherence to competency and compliance frameworks, NHBC supports regulators in fulfilling their supervisory objectives and improving standards across the sector. NHBC gains significant value from regulators through their insight into emerging expectations, supervisory feedback on resilience, modelling and compliance, as well as guidance that strengthens safety, operational robustness and organisational integrity. Strong regulatory relationships enhance NHBC's reputation and reinforce trust with policyholders, our customers, lenders and wider stakeholders.

Stakeholders	How we engage	The value we create
Our communities		
	We support our communities through partnerships with charities including Crisis, Action4Youth, Worktree, MK Community Foundation, MK Food Bank, Marie Curie and YouthBuild UK, alongside a range of fundraising activities such as annual appeals, seasonal campaigns and NHBC branded events, including BEYOND LIVE and Pride in the Job. We match colleague fundraising and encourage volunteering through our "Our Communities" programme, offering two days' paid leave to support local organisations and initiatives, particularly those focused on young people, skills and careers. We also demonstrate our commitment to the Armed Forces Covenant through events such as our Milton Keynes business breakfast and enable tax efficient giving through payroll donations via MyGiving. Further information on our Sustainability Strategy and climate related financial disclosures is set out in the Non-financial and sustainability information statement.	NHBC's Our Communities programmes create value by strengthening relationships in the areas where colleagues live and work, supporting charitable causes aligned with our values and enabling meaningful colleague engagement. This helps address social needs while deepening NHBC's role as a responsible corporate citizen. We give colleagues opportunities to share skills, support local groups and contribute to positive social outcomes, enhancing wellbeing, connection and pride in their work. We reinforce a culture of giving back, demonstrating NHBC's commitment to making a difference in the communities we serve.

Strategic report sign-off

We are committed to engaging with our key stakeholders and will continue to focus on ways to improve our engagement in the financial year ending 31 March 2026.

This report was approved by the Board on 18 June 2026 and signed on behalf of the Board by:

Paul Turner
Chief Executive Officer

Corporate governance report

The Company applied The Wates Corporate Governance Principles for Large Private Companies (Wates Principles) for the year ended 31 March 2026.

Principle 1 – Purpose and leadership

The Board sets and oversees the Company's purpose and strategic direction ensuring it is clearly defined and effectively embedded. The Board and its committees monitor how delivery of NHBC Standards through our on-site inspection process drives quality and compliance, protects policyholders and supports the provision of NHBC warranty and insurance policies. In addition, it manages NHBC's construction quality and training services for registered customers, promoting ongoing improvement and elevating standards across the new-build housing sector.

As part of the Board's focus on strategic direction and long-term value, it led on the development of NHBC's five-year strategy to 2031. The Board challenged management on the clarity and relevance of the Company's purpose, vision and value proposition, placing a strong emphasis on sustainable value for all stakeholders and the evaluation of current and emerging strategic risks. When assessing long-term value, the Board approved investment priorities in innovation, talent, technology and risk mitigation, while also evaluating growth opportunities and the viability of business lines.

Decision making during the year was informed by insights from policyholders, builders, developers, Council members and wider stakeholders – please see the s172 statement on page 13 for more details.

NHBC's purpose provides a clear and unifying direction, helping colleagues understand how their roles and objectives contribute to its delivery. By anchoring decision making and behaviours in our shared ambition, alignment across teams and agility, collaboration and customer and policyholder focus are enhanced. For wider stakeholders, our purpose communicates what NHBC stands for and what they can expect from us.

NHBC is governed by its Council of members, which performs a role equivalent to that of shareholders in a company limited by guarantee. The Council is responsible for key constitutional matters, including approving the appointment of the external auditors, approving the admission and appointment of members, and receiving the annual report and accounts.

Values and culture

NHBC's culture is underpinned by four core values:

- **Excellent** – we take ownership, deliver quality, use our expertise and focus on making a positive difference for colleagues, customers and policyholders.
- **Human** – we do the right thing, act with integrity, share openly and create a supportive, inclusive environment where everyone is valued.
- **Progressive** – we look to the future, stay curious, learn every day and embrace change to lead the way in a fast-evolving industry.
- **Connected** – we work as one team, collaborate effectively and build strong relationships to put policyholders at the heart of what we do.

These values guide how we work together to deliver our strategy and purpose. They enable a dynamic, inclusive and collaborative environment where colleagues are empowered to deliver positive outcomes for policyholders and registered customers. We embed our values and culture through colleague performance reviews, reward processes and our internal recognition scheme. We track our culture using employee surveys, attendance data, exit interviews and leadership feedback, with regular reports to the Board. Colleagues are encouraged to raise concerns through established whistleblowing channels, with regular reports provided to the Board Audit Committee.

Principle 2 – Board composition

Our Board is diverse and experienced, bringing a balanced mix of skills to support NHBC's long-term success. It comprises an independent chair, seven independent NEDs, including one senior independent director (SID) (with tenure ranging from two to ten years), and three executive directors: the chief executive officer, chief financial officer and chief operating officer.

The chair and chief executive officer roles are clearly defined and understood with separate role profiles. The chair provides leadership to the Board, sets the agenda and ensures our directors receive the information they need for effective discussion and oversight. The chief executive officer is responsible for day-to-day leadership of NHBC and for implementing

Board decisions with the executive team. Delegations from the Board to the chief executive officer, and from the chief executive officer to the executive team, are reviewed annually by the Board Risk Committee.

The Nominations Committee and the Board reviewed the composition of the Board and its committees during the year considering skills, experience, diversity, capacity and the balance of executive and non-executive directors. This included reviewing external appointments, interests and conflict authorisations recorded in the Directors' Register of Interests to ensure independence. These processes supported the review of the Board's succession plan, which led to the recruitment and onboarding of three new non-executive directors and the chief executive officer and the recruitment of the new chief financial officer.

All non-executive directors are appointed based on objective capability criteria and, where required, approval by or notification to the PRA. The Board's size and composition continue to reflect the skills and expertise required for NHBC's role as a regulated insurer and provider of regulated building control, quality and training services.

The Nominations Committee also led on the appointment of the Chief Executive Officer and Chief Financial Officer with full Board oversight, following formal and rigorous recruitment processes. Paul Turner was appointed Chief Executive Officer with effect from 1 September 2025, succeeding Steve Wood following his retirement. Following the death of Paul Hosking in July 2025, Sarah Maillet was appointed Chief Financial Officer with effect from 1 April 2026. Both appointments bring significant leadership experience across the insurance and financial services sector. Further details of the Board's role and responsibilities are set out on page 21 (Principle 3).

Directors

The Company's directors during the year, up to and including 18 June 2026, were as follows:

Director	Position	Industry sector expertise	Appointment	Resignation
Elizabeth Austerberry	Non-Executive Director	Financial services and construction	-	-
Tim Beale	Non-Executive Director	Construction	17 September 2025	-
Paul Bishop	Non-Executive Director	Financial services	-	-
Alison Burns	Non-Executive Director	Financial services	-	-
David Campbell	Chief Operating Officer	Construction	-	-
Keith Davies	Non-Executive Director	Financial services and risk	26 February 2026	
Paul Hosking	Chief Financial Officer	Financial services	-	14 July 2025
Bernadette Kelly	Non-Executive Director	Government policy	13 October 2025	-
Sarah Maillet	Chief Financial Officer	Financial services	29 May 2026	-
Tesula Mohindra	Non-Executive Director	Financial services	-	-
Teresa Robson-Capps	Non-Executive Director	Financial services	-	-
Alan Rubenstein	Board Chair	Financial services	-	-
Philip Rycroft	Non-Executive Director	Government policy	-	26 September 2025
Stephen Stone	Non-Executive Director	Construction	-	3 October 2025
Paul Turner	Chief Executive Officer	Financial Services	23 September 2025	-
Steve Wood	Chief Executive Officer	Financial Services	-	30 September 2025

Further information on NHBC's Board members is available on our corporate website on the following link: **How NHBC is run**.

Induction, training and development

New NEDs receive thorough induction and training to enhance their expertise and build a clear understanding of NHBC's operations, risks and regulatory context, equipping them to offer effective oversight. The Board effectiveness review and management recommendations identify ongoing development needs, keeping training aligned with regulatory, legislative, governance and business changes. During the financial year, the Board participated in various training sessions, including the built environment and regulatory landscape, private credit secondaries, cyber and ransomware crisis management, the role of the Future Homes Hub, director's responsibilities under the Economic Crime and Corporate Transparency Act and Sexual Harassment Law, solvent exit and resolution planning, and ESG carbon emissions normative systems. Members also completed health and safety training, supporting a visit to a customer's site and modern methods of construction factory tour.

Board and committee effectiveness review

NHBC's Board and committees are critical to our long-term success and the annual evaluation review offers valuable insight on their effectiveness. The 2025 internal evaluation confirmed that the Board and its committees remain effective and highlighted key improvements achieved during the year, including stronger strategic focus, enhanced collaboration and clearer, more constructive challenge. The review also identified opportunities to further strengthen effectiveness, including improving strategic KPI reporting and enhancing the quality and focus of Board papers to support more forward-looking discussion.

Diversity and inclusion

The Board is committed to maintaining a diverse and inclusive leadership team that supports effective decision making and NHBC's long-term success. At the year end, 45% of the Board were women, and 9% identified as being from an ethnic minority background, providing a broad range of perspectives at Board level.

The Nominations Committee oversees Board composition and succession planning and leads on diversity, equity and inclusion in line with the Board Diversity Policy. The Board's 2030 diversity targets of at least 40% female representation and at least one senior Board role held by a woman have already been achieved, with progress kept under regular review.

Principle 3 – Director responsibilities

Accountability

The Board and its standing committees (Audit, Board Risk, Consumer, Nominations and Remuneration) provide focused oversight of NHBC's governance system, ensuring robust decision making, clear accountability and clearly-defined responsibilities across senior management. Under the Senior Managers and Certification Regime, management and governance arrangements are documented in the Management Responsibilities Map, supported by annual Fit and Proper assessments confirming that Board members are 'fit and proper' to undertake their fiduciary and regulatory duties and responsibilities to NHBC. The Board meets at least seven times a year supported by an annual forward agenda, clear terms of reference and delegations to address strategic, regulatory and governance matters.

For information on the Company's governance structure please see the Solvency Financial Condition Report available on the company website.

Conflict of interest

The Articles of Association allow the Board to authorise potential conflicts of interest, with decisions made solely by non-conflicted directors acting in good faith to promote NHBC's success. Directors must declare any actual or potential conflicts of interest, which are recorded in the director's register of interests, maintained by the company secretary and reviewed annually. They are reminded of their obligations at the start of each meeting and must confirm their external interests to ensure their continued independence.

Integrity of information

The Board ensures it receives timely and relevant information to monitor performance, challenge management and oversee key issues including strategy, regulatory compliance, health and safety, sustainability, risks and market developments. The effectiveness of information processes and board paper quality is reviewed as part of the Board's annual effectiveness assessment. The 'three lines of defence model' underpins our internal control framework, with the Risk, Compliance and Internal Audit Assurance Plans approved annually by the relevant committees and used to strengthen assurance and continuous improvement.

Principle 4 – Opportunity and risk

The Board seeks out opportunities for long-term sustainable success while mitigating risk. Short and long-term strategic opportunities are identified and addressed in the Group Business Plan which includes an assessment of the relevant regulatory, registered customer and commercial considerations, as well as risks to successful delivery. All strategic opportunities are evaluated for alignment with NHBC's purpose. For a detailed discussion of principal risks and uncertainties, including climate-related risks, please refer to page 6 of the strategic report.

Principle 5 – Remuneration

The Remuneration Committee oversees a formal and transparent framework for remuneration across the organisation. It sets the Remuneration Policy and determines remuneration for the board chair, executive directors, senior management and Solvency II staff, ensuring these are responsible, proportionate and aligned with NHBC's purpose, strategy and risk profile.

The Committee evaluates how its decisions affect the wider workforce, aiming to ensure that remuneration encourages sustainable performance and good consumer outcomes. Independent external advice is sought where appropriate, and decisions consider relevant UK regulatory guidance, market practice and stakeholder perspectives, including those of registered customers, policyholders and colleagues. During the year, the Committee simplified the Remuneration Policy and incentive design to ensure clarity, competitiveness and alignment with strategy. Risk and consumer factors are incorporated into performance assessments. Salary and bonus outcomes reflect both individual and business performance, with senior leaders having a stronger weighting towards organisational results.

In 2025/2026 the Committee approved the Group Bonus Scorecard, which aligns with NHBC's strategy and includes financial, registered customer experience and consumer-focused measures which support good outcomes. The Scorecard underpins delivery of the Group Business Plan 2025–28. Bonus opportunities are weighted 50–80% for company performance and 20–50% for delivery against personal objectives with multipliers ranging from 0% to 200%. The Committee also approved the LTIP scorecard and participant list for the 2025–2028 cycle, which incorporates financial, transformational, environmental, DE&I and cultural measures, with gateways ensuring awards vest only where core financial, capital and risk thresholds are met to safeguard integrity and fairness.

NHBC is committed to fair pay practices: all colleagues are paid at least the National Living Wage and participate in the annual bonus scheme. The Board remains committed to improving diversity and reducing the gender pay gap (see Gender Pay Gap Report). For more information on directors' remuneration disclosures, see Note 14 to the financial statements on page 68.

Principle 6 – Stakeholder relationships and engagement

Information on how the Board has considered and engaged with NHBC's stakeholders, including its registered customers, policyholders, regulators, suppliers and other stakeholders, and how this shapes Board decision making, is contained in the Section 172(1) statement of the Strategic report.

This report was approved by the Board on 18 June 2026 and signed on behalf of the Board by:

Paul Turner
Chief Executive Officer

Directors' report

The directors submit their Annual Report and Accounts for NHBC, together with the consolidated financial statements of NHBC and its subsidiary companies (the Group), for the year ended 31 March 2026.

Results

The Group's results for the year are shown in the consolidated statement of comprehensive income on page 37.

Directors

The directors at the date of this report are shown, in the Governance section, Principle 2 – Board composition on page 20.

Directors' interests and indemnity arrangements

At no time during the year did any director hold a material interest in any contract of significance with the Company or any of its subsidiary undertakings, although some of our directors are involved with registered customers, suppliers and partners in the new home-building industry. We trade in the normal course of business with all these parties and material transactions with related parties are disclosed in Note 34 on page 91 of the financial statements.

We have directors' and officers' liability insurance in place in respect of the Company, subsidiary companies and our directors, together with indemnities for the directors, to the extent permitted by English law and the Company's Articles of Association. There are no other qualifying third-party indemnity provisions in place.

Details of how directors manage potential conflicts of interest are included in the Corporate Governance Report, Principle 3 – Director responsibilities.

There is no arrangement or understanding with any registered customer, supplier or any other external party to appoint a director or a member of the executive.

Disclosure of information to the auditor

In accordance with section 418 of the Companies Act 2006, the directors in office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor, Deloitte LLP, is unaware, and each director has taken all steps that ought to have been taken as a director to be aware of any relevant audit information and to establish that Deloitte LLP is aware of that information.

Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Post-balance sheet events

Escalation of conflict in the Middle East since the balance sheet date has increased geopolitical uncertainty and contributed to volatility in global markets. While the Company has limited direct exposure, the event may affect the fair value of its financial instruments, although any impact is not expected to be material given the nature and composition of NHBC's asset portfolio.

The primary risk to the Company arises from potential impacts on the UK house-building sector. Disruption to global energy markets may place pressure on construction input costs, including materials and transportation and could contribute to broader inflationary rises. In turn, this may affect housing affordability, mortgage availability and overall demand for new homes.

Despite these risks, the largely domestic focus of UK house building and its supply chain provides a degree of resilience against direct disruption. No adjustments to the financial statements are required; however, the Company acknowledges the potential risks and uncertainties introduced by these events. The Company is actively monitoring the situation.

Political donations

In the financial year, NHBC did not make any political donations.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and Accounts and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the Group and parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company, and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and for disclosing with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Each of the directors listed in the strategic report confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with applicable UK Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group
- the strategic report and the Directors' and corporate governance report include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

Research and development

NHBC did not carry out any research and development activities over the financial year.

Branches

NHBC does not have any branches.

Dividends

NHBC is a company limited by guarantee; it does not have share capital and therefore does not pay dividends.

Information required to be disclosed in the Directors' report may be found in the following sections:

Information	Section in Annual Report and Accounts	Page
Business review	Strategic report	2
Financial instruments	Notes to the financial statements – Risk management	54
	Notes to the financial statements – Financial instruments	89
Corporate responsibility governance	Non-financial and sustainability information	6
Action on employee participation	Non-financial and sustainability information	6
Charitable work and donations	Non-financial and sustainability information	6
Disclosure concerning employment, training and advancement of disabled persons	Non-financial and sustainability information	6
Employee engagement	Non-financial and sustainability information	6
Future developments of the business	Strategic report – Future outlook	4
Rules governing appointments of directors	Corporate governance report	19
Statement of engagement with suppliers, customers and others	s172(1) statement	13
s172 statement	s172(1) statement	13
Streamlined energy and carbon reporting	Non-financial and sustainability information - SECR	9

This report was approved by the Board on 18 June 2026 and signed on behalf of the Board by:

Paul Turner
Chief Executive Officer

Financial statements

Independent auditor's report to the members of the National House-Building Council

Report on the audit of the financial statements

1. Opinion

In our opinion the financial statements of National House-Building Council (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2026 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103, 'Insurance Contracts'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 36 excluding the capital management disclosure in Note 7, calculated in accordance with Solvency II regime which is marked as unaudited.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and Financial Reporting Standard 103, 'Insurance Contracts' (United Kingdom Generally Accepted Accounting Practice).

2. Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We confirm that we have not provided any non-audit services prohibited by the FRC's Ethical Standard to the group or the parent company.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were the accuracy of the earned premiums and the valuation of gross insurance claims reserves. Both represent a similar level of risk as in the prior year audit.
Materiality	The materiality that we used for the group financial statements was £10.6m, and the materiality used for parent company only financial statements was £10.1m which was determined on the basis of 1.35% of net assets.
Scoping	The scope of our audit included the parent company and NHBC Building Control Services Limited ("NHBC BCS"). The parent company was subject to an audit of its entire financial information. For NHBC BCS, we performed audit procedures over specific account balances, classes of transactions, and disclosures, rather than its entire financial information.
Significant changes in our approach	We have reassessed our prior year significant risk relating to the accuracy of inspection income recognised based on stage of completion. Last year, this was a component within one of our key audit matters related to accuracy of revenue. However, our audit procedures demonstrated that the revenue recognition methodology for inspection income is not materially sensitive to changes in the percentage of completion. As a result, this element is no longer included within our key audit matters for the current year. Group performance materiality was set at 60% of group materiality (2025: 70%), reflecting the factors outlined in section 6.2.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

- evaluating the directors' method to assess going concern including an assessment of directors' forward-looking business plan;
- challenging future profit forecasts and the underlying business plan to support key forward-looking assumptions such as future building registration volumes and inflation rate assumptions by performing sensitivity analysis of these assumptions;
- evaluating how economic factors such as builder conduct and inflation fluctuations would affect the group's future capital position;
- evaluating the historical accuracy of forecasts prepared by management by comparing previous forecasts against actual results achieved;
- inspecting the latest available Own Risk and Solvency Assessment ('ORSA'), including stress and reverse stress testing; and
- assessing the appropriateness of going concern disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

5. Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5.1. Accuracy of the earned premiums

Key audit matter description	The group's turnover consists of two main segments, being insurance activities and other activities relating to the efficient construction of good quality housing. Refer to notes 4 and 5 of the financial statements for details on critical accounting judgements, estimation uncertainty (Note 4), a summary of significant accounting policies (Note 5) and the related disclosures in Note 8 of the financial statements. For the year ended 31 March 2026 earned premiums amounted to £171.7 million (2025: £161.4 million). Deficiencies identified in general IT controls have heightened this risk, requiring specific audit attention. Our key audit matter is pinpointed to the estimation uncertainty involved in determining the earning patterns for earned premiums. The group's earned premiums calculation relies on a complex actuarial model using incurred claims data, which is based on "first notification dates". This approach involves inherent subjectivity in defining claim events, particularly given the prevalence of builder self-repairs. This complexity and subjectivity, coupled with the difficulty in establishing a precise claim occurrence date, creates opportunities for manipulation and increases the risk of fraudulent misstatement of earned premiums.
How the scope of our audit responded to the key audit matter	We performed the following procedures: • We have gained an understanding of the end-to-end process for earned premium and obtained an understanding of the relevant controls. • We tested the completeness and accuracy of underlying premium and incurred claims data, including relevant data attributes, used to calculate the earning pattern and earned premiums; • We tested the notification and claims dates over a sample of policies as a data attribute into the earning pattern; • With the involvement of our actuarial specialists we assessed the methodology and assumptions for the earnings pattern, to conclude whether the pattern used was appropriate; • We performed a recalculation of earned premium based on the tested earning patterns; • We performed a 'stand back' assessment to consider the evidence received from our audit procedures and conclude if there were any evidence of overall management bias. We evaluated whether the judgements made by management in making the accounting estimates included in the financial statements, even if they are individually reasonable, indicate a possible bias on the part of the management that may represent a risk of material misstatement due to fraud; and • We assessed the related disclosures in Note 8 of the financial statements.
Key observations	We have concluded that the assumptions used in the earned premiums are appropriate.

5.2. Valuation of gross insurance claims reserves

Key audit matter description	The gross insurance claims reserves as at 31 March 2026 totalled £492.8 million (2025: £423.9 million) as detailed in Note 5.9 Insurance Contracts (summary of significant accounting polices) and Note 23 Insurance contract liabilities and associated reinsurance. Refer to notes 4 and 5 of the financial statements for details on critical accounting judgements, estimation uncertainty (Note 4), and a summary of significant accounting policies (Note 5). Specifically, we have identified the following two key areas of focus, and potential fraud risk, for our audit given their significance to the group's result and the level of judgement involved: • The key assumptions applied in determining the actuarial best estimate for Section 2 and Section 3 insurance claims reserves; and • The key assumptions applied in valuing the incurred but not reported (IBNR) provision for Section 4 cladding claims. 1. The key assumptions applied in determining the actuarial best estimate for Section 2 and Section 3 insurance claims reserves relating to Sections 2 and 3 of the group's Buildmark product and Buildmark Choice, as defined in Note 24.1 to the financial statements, are projected based on historical claims experience using standard actuarial techniques. There are highly judgemental assumptions that have a significant impact on the amount of reserves held given the long tail nature of the policies underwritten. These key assumptions include initial average claim cost per exposure, the claims development patterns used and builder insolvency assumptions. These assumptions represent a key source of estimation uncertainty for the group, which increases the susceptibility of the balance to material misstatement due to error and fraud. These have been included within Note 4 of the disclosure notes to the financial statements. 2. While the group's exposure to Section 4 cladding claims is maturing and developers signing the Government's fire safety remediation contracts reduces some uncertainty related to builder recoveries, significant judgement is still required by management in determining the frequency and severity of claims, including ultimate costs, the impact of builder self-repairs and potential insolvencies. The resulting IBNR provision remains sensitive to changes in these key assumptions.

How the scope of our audit responded to the key audit matter	We performed the following procedures: We gained an understanding of the end-to-end claims and reserving process and obtained an understanding of the relevant controls. We reconciled claims and policy data to source systems to assess the completeness and accuracy of the underlying data used in the group's actuarial calculations. 1. 1For the key assumptions applied in determining the actuarial best estimate for Section 2 and Section 3 insurance claims reserves, we worked with our actuarial specialists to: • Perform independent indicative reserve projections for these reserving classes, identifying and estimating surplus or deficit where applicable; and • Perform a 'stand back' test on the assumptions applied in determining the actuarial best estimate for Section 2 and Section 3 insurance claims reserves for indication of management bias. 2. For the assumptions applied in valuing the IBNR provision for Section 4 cladding claims, we worked with our actuarial specialists to: • Assess and challenge the group's assumptions used in determining the valuation of the IBNR provision, specifically focusing on the frequency and severity assumptions applied in estimating future claims; • Consider any alternative assumptions which could reasonably be applied, including those considered by the group and the impact of those on the result. • Inspect and challenge the builder contribution assumptions (being builder self-repair and builder insolvency assumptions) by identifying relevant publicly available information and meeting with legal counsel and key management personnel to identify corroborative and contradictory evidence as applicable; and • Perform a 'stand back' test on the assumptions applied in valuing the IBNR provision for Section 4 cladding claims level for indication of management bias. Having performed the procedures on the estimates developed by management, we also considered the results of management's external actuarial expert, assessing their competence and objectivity, to identify corroborative and contradictory evidence, evaluating the reasons for any differences in view. We assessed the related disclosures in Note 5 and Note 23 of the financial statements.
Key observations	We concluded that the assumptions used in the valuation of the gross insurance claims reserves are appropriate.

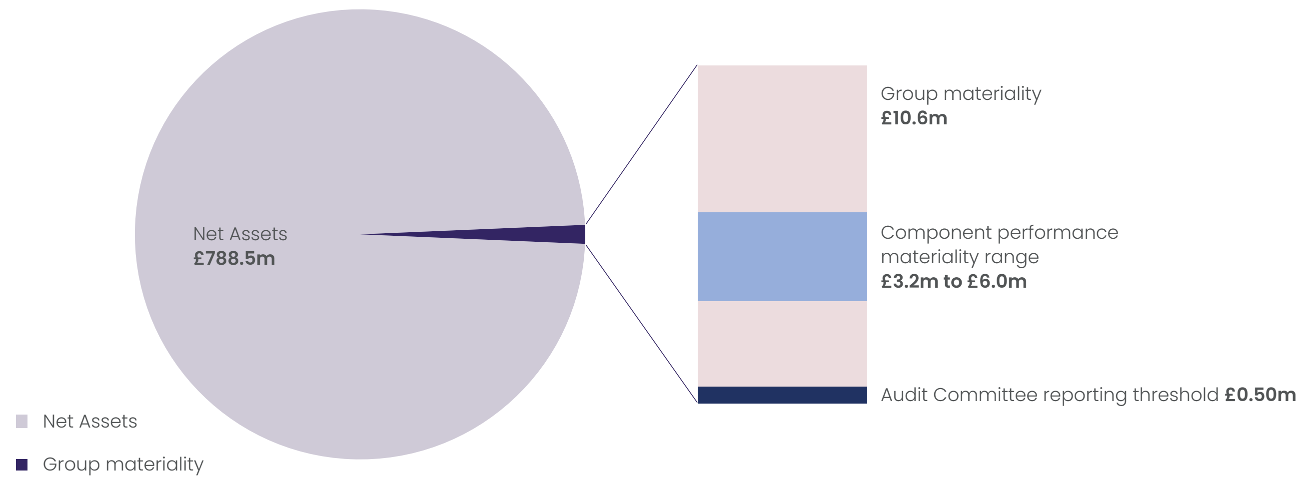
6. Our application of materiality

6.1. Materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£10.6m (2025: £10.5m)	£10.1m (2025: £10.0m)
Basis for determining materiality	Materiality was determined as 1.35% of net assets (2025: 1.35% of net assets).	Parent company materiality equates to 1.35% of net assets (2025: 1.35%), which is capped at 95% of group materiality (2025: 95%).
Rationale for the benchmark applied	We determined that the critical benchmark for the group and parent company was net assets. The group and parent company are a non-profit distributing organisation and the parent company is limited by guarantee. The primary users of the financial statements are the council members, who look to the accumulated reserves and the group and parent company's ability to settle insurance claims as they fall due.	



6.2. Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

	Group financial statements	Parent company financial statements
Performance materiality	60% (2025: 70%) of group materiality	60% (2025: 70%) of parent company materiality
Basis and rationale for determining performance materiality	In determining performance materiality, we considered the following factors: • we have audited the group for a number of years and so have knowledge of both the group and the environment it operates in; • the quality of the control environment, including whether we were able to place reliance on controls; • the nature, volume and size of misstatements (corrected and/or uncorrected) in the previous audit, and • changes in key management personnel	

6.3. Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £0.5m (2025: £0.5m), and differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

7. An overview of the scope of our audit

7.1. Identification and scoping of components

The scope of our group audit was established by gaining an understanding of the group and its environment, including group-wide controls, and evaluating the risks of material misstatement at the group level. Group materiality was used to determine the audit scope.

We have scoped in components for procedures on one of more Account Balances, Classes of Transactions, and Disclosures ("ABCOTD's") that together represent 100% of gross premiums written (2025: 100%), 100% of profit before tax (2025: 100%) and 99% of net assets (2025: 98%) within the group. The scope of our audit included the parent company and NHBC BCS which were subject to the audit procedures over in-scope ABCOTD's performed to component and parent only performance materiality. Audit work to respond to the risks of material misstatement was performed directly by the group audit engagement team.

7.2. Our consideration of the control environment

During the planning phase of our audit, we identified three systems (the general ledger, policy administration and claims systems) that were significant to the group's financial reporting processes. These systems handled data relating to gross written premium, claims, expenses, other income and the general ledger, and we intended to rely on the IT and business controls associated with these systems only if the prior year's general IT control deficiencies had been remediated.

With the involvement of our IT specialists, we obtained an understanding of the relevant general IT controls but were unable to place reliance on these systems, this will be the case until management's remediation actions are completed. As a result, we have performed a fully substantive audit.

7.3. Our consideration of climate-related risks

We gained an understanding of management's processes to address climate-related risks, including the Environmental Steering Committee and the group's Environmental Strategy. Management has performed a risk assessment for climate-related risks, further details are disclosed in the strategic report. Based on the risk assessment, management has classified climate change as an emerging risk and has increased its focus and integration into the group's risk management framework.

We have performed a risk assessment of the financial impact of climate risks on the financial statements and concluded the risks of material misstatement due to climate risk factors are remote. In doing so we considered the estimates and judgements applied to the financial statements and how climate risks impact their valuation.

We have read the climate-related financial disclosures (including climate risks) within the strategic report of the Annual Report, taking into consideration UK Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022, and considered whether the disclosures are consistent with our understanding of the business and the financial statements.

8. Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated.

If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

9. Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

10. Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: **www.frc.org.uk/auditorsresponsibilities**. This description forms part of our auditor's report.

11. Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

11.1. Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management internal audit, in house legal counsel, the directors and the Audit Committee about their own identification and assessment of the risks of irregularities, including those that are specific to the group's sector;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations; and
- the matters discussed among the audit engagement team and relevant internal specialists, including IT and actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the accuracy of the earned premiums and the valuation of gross insurance claims reserves. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, pensions legislation and relevant tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included the Financial Conduct Authority (FCA), the Prudential Regulation Authority (PRA) and the group's regulatory solvency requirements.

11.2. Audit response to risks identified

In addition to the above, our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance, reviewing internal audit reports and reviewing correspondence with HMRC, the FCA and the PRA; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to engagement team members including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

12. Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13. Matters on which we are required to report by exception

13.1. Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

13.2. Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

14. Other matters which we are required to address

14.1. Auditor tenure

Following the recommendation of the Audit Committee, we were appointed by Board in May 2016 to audit the financial statements for the year ending 31 March 2016 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments of the firm is 11 years, covering the years ending 31 March 2016 to 31 March 2026.

14.2. Consistency of the audit report with the additional report to the audit committee

Our audit opinion is consistent with the additional report to the audit committee we are required to provide in accordance with ISAs (UK).

15. Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

A J Holland

Andrew Holland FCA (Senior statutory auditor))
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom
18 June 2026

Consolidated statement of comprehensive income

Technical account – general business

		2026		2025	
	Note	£'000	£'000	£'000	£'000
Earned premiums, net of reinsurance					
Gross premiums written	8	**171,746**		161,353	
Outward reinsurance premiums		**(33,786)**		(53,608)	
Net premiums written		**137,960**		107,745	
Change in the gross provision for unearned premiums		**(25,091)**		(45,491)	
Change in the provision for unearned premiums, reinsurers' share		**(25,167)**		16,712	
Change in the net provision for unearned premiums		**(50,258)**		(28,779)	
Earned premiums, net of reinsurance			**87,702**		78,966
Allocated investment return transferred from the non-technical account			**37,824**		24,263
Claims incurred, net of reinsurance					
– Claims paid					
– Gross amount		**(121,141)**		(86,352)	
Reinsurers' share		**32,960**		44,053	
Net claims paid		**(88,181)**		(42,299)	
Change in provision for claims					
– Gross amount		**(68,949)**		(22,604)	
– Reinsurers' share		**42,308**		3,454	
Change in the net provision for claims		**(26,641)**		(19,150)	
Claims incurred, net of reinsurance			**(114,822)**		(61,449)
Changes in unexpired risk reserve, net of reinsurance			**25,745**		47,176
Net operating expenses	11		**(16,359)**		(13,150)
Balance on the technical account for general business			**20,090**		75,806

Consolidated statement of comprehensive income

Non-technical account

		2025		2024	
	Note	£'000	£'000	£'000	£'000
Balance on the general business technical account			**20,090**		75,806
Investment income	12		**58,334**		44,128
Unrealised gains on investments		**31,662**		33,332	
Unrealised losses on investments		**(24,726)**		(20,626)	
Net unrealised gains on investments	12		**6,936**		12,706
Investment expenses and charges	12		**(5,015)**		(5,418)
Allocated investment return transferred to the general business technical account			**(37,824)**		(24,263)
Other income	8		**95,739**		87,417
Other charges			**(107,689)**		(100,954)
Profit on ordinary activities before taxation			**30,571**		89,422
Tax on profit on ordinary activities	16		**(9,045)**		(8,062)
Profit for the financial year			**21,526**		81,360
Other comprehensive income					
Remeasurements of net defined benefit pension plan surplus	27	**(6,685)**		1,718	
Movement on deferred tax relating to pension surplus	20	**1,672**		(429)	
Revaluation of tangible assets		**5**		(5)	
Other comprehensive expense for the year, net of tax			**(5,008)**		1,284
Total comprehensive income for the year			**16,518**		82,644

NHBC

Consolidated statement of financial position

		2026	2025
	Note	£'000	£'000
Assets			
Investments			
Land and buildings	17	**7,710**	8,522
Other financial investments		**1,624,323**	1,533,892
		1,632,033	1,542,414
Reinsurers' share of Technical Provisions			
Provision for unearned premiums	23	**326,992**	352,159
Claims outstanding	23	**194,291**	151,982
Unexpired risk reserve	23	**-**	-
		521,283	504,141
Debtors			
Debtors arising out of direct insurance operations	19	**17,510**	9,984
Deferred tax	20	**15,465**	18,827
Other debtors	19	**16,132**	13,916
		49,107	42,727
Other assets			
Tangible assets	21	**3,295**	1,978
Cash at bank and in hand		**41,749**	59,884
		45,044	61,862
Prepayments and accrued income			
Accrued interest and rent		**16,945**	15,810
Deferred acquisition costs	22	**26,215**	22,778
Other prepayments and accrued income		**9,649**	13,346
		52,809	51,934
Defined benefit pension plan surplus	27	**5,646**	11,661
Total assets		**2,305,922**	2,214,739

	Note	2026 £'000	2025 £'000
Liabilities			
Reserves			
Revaluation reserve		**130**	125
Retained earnings		**788,315**	771,802
		788,445	771,927
Technical Provisions			
Provision for unearned premiums	23	**788,471**	763,381
Claims outstanding	23	**492,824**	423,874
Unexpired risk reserve	23	**-**	25,745
		1,281,295	1,213,000
Creditors			
Creditors arising out of direct insurance operations	26	**52,023**	39,543
Other creditors	26	**22,278**	22,534
		74,301	62,077
Accruals and deferred income		**161,881**	167,735
Total liabilities and reserves		**2,305,922**	2,214,739

The notes on pages 46 to 93 are an integral part of these financial statements.

The financial statements on pages 37 to 93 were authorised for issue by the Board of Directors on 18 June 2026 and were signed on its behalf.

Sarah Maillet

Sarah Maillet
Chief Financial Officer

Company registration 00320784

Company statement of financial position

		2026	2025
	Note	£'000	£'000
Assets			
Investments			
Land and buildings	17	**7,710**	8,522
Investments in group undertakings and participating interests	18	**8,389**	11,310
Other financial investments		**1,624,323**	1,533,892
		1,640,422	1,553,724
Reinsurers' share of Technical Provisions			
Provision for unearned premiums	25	**326,992**	352,159
Claims outstanding	25	**194,291**	151,982
Unexpired risk reserve	25	**-**	-
		521,283	504,141
Debtors			
Debtors arising out of direct insurance operations	19	**17,510**	9,984
Deferred tax	20	**15,445**	18,826
Other debtors	19	**14,765**	11,795
		47,720	40,605
Other assets			
Tangible assets	21	**1,122**	919
Cash at bank and in hand		**41,367**	59,554
		42,489	60,473
Prepayments and accrued income			
Accrued interest and rent		**16,945**	15,810
Deferred acquisition costs	22	**26,215**	22,778
Other prepayments and accrued income		**9,004**	12,881
		52,164	51,469
Defined benefit pension plan surplus	27	**5,646**	11,661
Total assets		**2,309,724**	2,222,073

		2026	2025
	Note	£'000	£'000
Liabilities			
Reserves			
Revaluation reserve		**8,419**	11,335
Retained earnings		**776,248**	757,975
		784,667	769,310
Technical Provisions			
Provision for unearned premiums	23	**789,592**	764,405
Claims outstanding	23	**492,824**	423,874
Unexpired risk reserve	23	**2,658**	27,337
		1,285,074	1,215,616
Creditors			
Creditors arising out of direct insurance operations	26	**52,023**	39,543
Other creditors	26	**41,387**	43,648
		93,410	83,191
Accruals and deferred income		**146,573**	153,956
Total liabilities and reserves		**2,309,724**	2,222,073

The Company's profit for the year was £23.3m (2025: profit of £86.1m) with other comprehensive income for the year being a loss of £7.9m (2025: loss of £3.8m).

The notes on pages 46 to 93 are an integral part of these financial statements.

The financial statements on pages 37 to 93 were authorised for issue by the Board of Directors on 18 June 2026 and were signed on its behalf.

Sarah Maillet

Sarah Maillet
Chief Financial Officer

Company registration 00320784

Consolidated statement of changes in equity

	Retained earnings	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	689,153	130	689,283
Profit for the year	81,360	-	81,360
Other comprehensive expense for the year	1,289	(5)	1,284
Total comprehensive income / (expense) for the year	82,649	(5)	82,644
Balance as at 31 March 2025	**771,802**	**125**	**771,927**
Profit for the year	21,526	-	21,526
Other comprehensive (expense) / income for the year	(5,013)	5	(5,008)
Total comprehensive income for the year	16,513	5	16,518
Balance as at 31 March 2026	**788,315**	**130**	**788,445**

Company statement of changes in equity

	Retained earnings	Revaluation reserve	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	670,626	16,398	687,024
Profit for the year	86,060	-	86,060
Other comprehensive (expense) / income for the year	1,289	(5,063)	(3,774)
Total comprehensive income for the year	87,349	(5,063)	82,286
Balance as at 31 March 2025	**757,975**	**11,335**	**769,310**
Profit for the year	23,287	-	23,287
Other comprehensive (expense) / income for the year	(5,014)	(2,916)	(7,930)
Total comprehensive income for the year	18,273	(2,916)	15,357
Balance as at 31 March 2026	**776,248**	**8,419**	**784,667**

Consolidated statement of cash flows

		2026	2025
	Note	£'000	£'000
Net cash from operating activities before interest received	30	**(114,955)**	(42,864)
Interest received		**45,565**	42,028
Taxation paid		**(4,150)**	(16,372)
Net cash from operating activities		**(73,540)**	(17,208)
Cash flow from investing activities			
Payments to acquire tangible fixed assets	21	**(1,990)**	(872)
Net (decrease) / increase in cash and cash equivalents		**(75,530)**	(18,078)
Gains and losses on cash and cash equivalents		**515**	58
Cash and cash equivalents at the beginning of the year		**238,202**	256,222
Cash and cash equivalents at end of year		**163,187**	238,202
Cash and cash equivalents consist of:			
Cash at bank and in hand		**41,749**	59,884
Deposits with credit institutions (included in other financial investments)		**10,371**	10,056
Treasury bills and liquidity funds (included in other financial investments)		**111,067**	168,262
Cash and cash equivalents		**163,187**	238,202

Notes to the financial statements

1. Company information

National House-Building Council (NHBC or the Company), the ultimate parent entity of the Group, is a private company limited by guarantee. NHBC (registration number 00320784) is incorporated and domiciled in England and Wales. The address of NHBC's registered office is NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks, MK5 8FP.

2. Basis of preparation

These financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value and in accordance and comply with:

- applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), and Financial Reporting Standard 103, 'Insurance Contracts' (FRS 103)
- Companies Act 2006, under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410).

A departure from historic cost convention is made with regards to land and buildings predominantly occupied by the Group for its own purposes which are valued at open market valuation.

The consolidated financial statements for the year ended 31 March 2026 comprise those of the Company and its subsidiary companies (together referred to as the Group).

Unless stated otherwise, the consolidated financial statements are presented in Great British Pound (GBP), which is the Group's presentation and functional currency, and rounded to the nearest £'000.

NHBC, the parent company, has taken advantage of section 408 of the Companies Act 2006 and has not included its own statement of comprehensive income in these financial statements.

NHBC is also exempt from including a Company statement of cash flows under paragraph 1.12 of FRS 102.

3. Going concern

After reviewing the Group's forecasts and projections, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make estimates and assumptions and to exercise judgements in applying the accounting policies that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses arising during the year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

Significant area of judgement on policy application is summarised below:

Financial statement area	Critical judgements	Related accounting policies and notes
Revenue recognition on inspection and building control service	Determination of the stage of completion	Note 5.3 – Other income Note 8 - Turnover

All estimates are based on management's knowledge of current facts and circumstances, assumptions based on that knowledge and their predictions of future events and actions. Actual results may differ from those estimates, possibly significantly. The table below sets out those items that the Group considers particularly susceptible to changes in estimates and assumptions.

Financial statement area	Related accounting policies and notes
Insurance and reinsurance contracts	Note 5.9 - Insurance contracts Note 23 - Insurance contract liabilities and associated reinsurance
Earned premiums	Note 5.9 - Insurance contracts Note 23 - Insurance contract liabilities and associated reinsurance
Defined benefit pension scheme	Note 5.10.3 - Defined benefit pension scheme Note 27.1 - Defined benefit pension scheme

5. Summary of significant accounting policies

5.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries). Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Intra-group transactions and outstanding balances are eliminated in the preparation of the consolidated financial statements of the Group.

5.2 Investment return

Investment return comprises all investment income, realised investment gains and losses and movements in unrealised gains and losses, net of investment expenses, charges and interest. Income from investments is included in the non-technical account on an accruals basis.

Realised investment gains and losses are taken through the consolidated statement of comprehensive income in the financial year in which the transaction occurs. They represent the difference between the sales proceeds and book cost (in both cases excluding accrued interest).

Movements in unrealised gains and losses on investments are included in the non-technical account and represent the difference between the valuation at the consolidated statement of financial position date and their purchase price or, if they have been previously valued, their valuation at the previous balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier financial years in respect of investment disposals in the current financial year.

A transfer of investment return, net of expenses and charges, is made from the non-technical account to the general business technical account to reflect the return made on those assets directly attributable to the insurance business of the Company and Group.

5.3 Other income

Other income is measured at fair value of the consideration received or receivable, net of discounts and value added taxes. Other income consists primarily of rendering of inspection and building control services as well as registration fees and rendering of services relating to the home-building industry.

Upon registering a plot with NHBC, the registered customer benefits from the use of NHBC's Key Stage Inspection service. The inspection service establishes a quality control process designed to assess whether construction meets NHBC Standards. NHBC's subsidiary, NHBC Building Control Services Limited, provides a Building Control service, an optional service offered by the Group which assists registered customers in meeting government-set Building Regulations.

The inspection service and Building Control income is recognised by reference to the stage of completion of the contract.

Builders and developers require registration with NHBC in order to access the NHBC inspection service on new homes they build or develop. A one-off joining fee is payable by the builder to enter the register. The joining fee is recognised as revenue in full at the invoice date. An annual registration renewal fee is charged to remain on the register. The registration runs concurrently with the Group's financial year with new registrations issued up to the end of the financial year. The registration fee is recognised as revenue on an accruals basis.

Rendering of other services to the industry is recognised by reference to the stage of completion of the contract. The stage of completion of a contract is measured by comparing the costs incurred for work performed to date to the total estimated contract costs.

Government grants relating to revenue expenditure are recognised on an accruals basis and included within other income. Any voluntary repayments of previously received grants are recognised on the repayment date.

5.4 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income. In this case tax is also recognised in other comprehensive income.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is calculated using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date and which are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if the Group has a legally enforceable right to set off current tax assets against current tax liabilities.

5.5 Investment in land and buildings

Land and buildings predominantly occupied by the Group for its own purposes are valued at open market valuation. Valuations are made by professionally qualified external valuers annually. Fair value is primarily derived using comparable recent market transactions on arm's length terms.

Increases in value are recognised in other comprehensive income and accumulated in equity. However, the increase is recognised in the consolidated statement of comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the consolidated statement of comprehensive income. Decreases in value as a result of a revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset. If a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in the consolidated statement of comprehensive income.

Depreciation on land and buildings is calculated, using the straight-line method, over the estimated useful life, as follows:

- freehold buildings - over a period of 50 years
- long leasehold property - over the shorter of 50 years or remaining lease period
- short leasehold - over the period of the lease
- short leasehold improvements - over the period of the lease.

At the end of each reporting period an estimate of the useful lives is made by a professionally qualified external valuer. The estimate of useful lives is reviewed and adjusted if appropriate. The effect of any change is accounted for prospectively.

Assets in the course of construction are stated at cost. These are not depreciated until they are available for use.

5.6 Investment in subsidiaries

The Company's investments in subsidiaries are accounted for at fair value. The fair value is derived by reference to the net assets of the subsidiary companies. Where the net assets of a subsidiary are negative it is valued at £Nil.

Increases in value are recognised in other comprehensive income and accumulated in equity. However, the increase is recognised in the Company statement of comprehensive income to the extent that it reverses a revaluation decrease of the same asset previously recognised in the Company statement of comprehensive income. Decreases in value as a result of a revaluation are recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity, in respect of that asset.

Investment in subsidiaries is eliminated in the preparation of the consolidated financial statements of the Group.

5.7 Other financial investments

Other financial investments are stated at market value. The fair values of quoted investments in active markets are based on current bid prices, excluding any accrued interest. The fair values of unlisted securities and quoted investments for which there is no active market, are established by using valuation techniques corroborated by independent third parties. These may include reference to the current fair value of other investments that are substantially the same and discounted cash flow analysis. Financial investments carried at fair value are measured using different valuation inputs categorised into a three-level hierarchy, as outlined in Note 28. Changes in the fair value are recognised in the non-technical account in the consolidated statement of comprehensive income.

5.8 Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method to write-down the cost of other assets to their residual values over their estimated useful lives as follows:

- computer equipment - 3 to 5 years
- fixtures and fittings - 5 years.

The assets' residual values, useful lives and methods of depreciation are reviewed regularly, at least at each financial year end, and adjusted if appropriate.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the consolidated statement of comprehensive income and included in other charges.

Assets in the course of construction are stated at cost. These are not depreciated until they are available for use.

5.9 Insurance contracts

5.9.1 Classification

Insurance contracts are those contracts that transfer significant insurance risk at the inception of the contract. Insurance risk is transferred when the Group agrees to compensate a homeowner or bondholder if a specified uncertain future event (other than a change in a financial variable) adversely affects the homeowner or bondholder. Insurance contracts are written by NHBC.

5.9.2 Premiums written

Premiums written relate to insurance contracts entered during the year, together with any differences between booked premiums for prior years and those previously accrued.

Premiums written include Road and Sewer Bond fee income. Premiums written also exclude insurance premium taxes, with any unpaid taxes included within other creditors in the consolidated statement of financial position.

5.9.3 Unearned premiums

The Group's insurance policies provide protection to homeowners for periods of ten years or more. In reaching its assessment of the pattern of risk, the Group makes reference to past claims experience. Unearned premiums represent the proportion of premiums written in the year and in previous years that relate to unexpired terms of policies in force at the consolidated statement of financial position date.

5.9.4 Deferred acquisition costs and commissions receivable

Acquisition costs comprise the direct and indirect costs of obtaining and processing new insurance business. These costs are recognised as deferred acquisition costs. Deferred acquisition costs (DAC) are amortised on the same basis as the related unearned premiums are earned.

Ceding commissions represent fees paid by a reinsurance company to cover NHBC's administrative costs, underwriting costs and business acquisition expenses. This income is recognised as deferred income and is then amortised on the same basis as the relevant reinsurers' share of unearned premiums are released.

5.9.5 Claims incurred

Claims incurred comprise claims and related expenses paid in the year and changes in the provision for outstanding claims, including provisions for claims incurred, but not reported, and related expenses, together with any other adjustments to claims from previous years. Where applicable, deductions are made for salvage, reinsurance and other recoveries. Claims are typically reported relatively quickly after the claims event and are therefore subject to significantly less uncertainty than future claims events.

In estimating the cost of claims notified but not paid, the Group has regard to the claim circumstances as reported, information available from surveyors, loss adjusters or other relevant professionals and the cost of settling claims with similar characteristics in previous financial years.

5.9.6 Unexpired risk reserve

An unexpired risk provision is made where the estimated costs of claims, related expenses and deferred acquisition costs exceed unearned premiums, after taking account of future investment income.

An assessment is made at the year end for the estimated cost of future claims which may arise during the unexpired terms of policies in force at the consolidated statement of financial position date. The estimated cost of claims includes expenses to be incurred in settling claims and a deduction for the expected value of salvage and other recoveries. Provisions are calculated gross of any related reinsurance recoveries which are estimated separately and disclosed as part of reinsurers' share of Technical Provisions.

The provisions are inevitably subject to inherent uncertainties because of the range of factors which could give rise to potentially significant claims over the ten-year or greater period covered by the policy. The time expected to elapse between the inception of policies, the manifestation of events giving rise to claims and the notification to, and settlement by, the Group of such claims accentuate these uncertainties.

In calculating the estimated cost of future claims, actuarial and statistical projections of the frequency and severity of future claims events are used to project ultimate settlement costs. Such projections are based upon both current facts and circumstances, and a subjective analysis of a range of factors including future inflation, the impact of competition and its effect on builder behaviour in making repairs which would otherwise fall as insurance claims to the Group, the impact of large losses including those made evident by extreme weather or latent defects caused by defective building materials, the effect of increases in cover and changes in consumer expectations and in the legal environment. Given these inherent uncertainties, a significant degree of caution has been included in exercising the judgement required for setting the unexpired risk provision.

The Group takes all reasonable steps to ensure that it has appropriate information regarding the assessment of claims in this regard. However, given the inherent uncertainty in estimating the cost of future claims, it is likely that the final outcome will prove to be different from the estimate established at the consolidated statement of financial position date. Any consequential adjustments to amounts previously reported will be reflected in the results of the year in which they are identified.

The Group, in setting its unexpired risk provisions, takes account of the future investment income that will be generated between the consolidated statement of financial position date and settlement of the expected claims on the assets held to cover such provisions.

5.9.7 Reinsurance

Reinsurance contracts are measured using valuation techniques and assumptions that are consistent with the valuation techniques and assumptions used in measuring the underlying policy and taking into account the terms of the reinsurance contract.

Reinsurance recoveries due from reinsurers and reinsurance premiums due to reinsurers under reinsurance contracts that are contractually due at the reporting date are separately recognised in the debtors and creditors respectively.

An assessment is made of the recoverability of reinsurance having regard to market data on the financial strength of each of the Group's reinsurers. If a reinsurance contract is considered to be impaired, the carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the consolidated statement of comprehensive income.

5.10 Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined benefit and defined contribution pension plans.

5.10.1 Short-term benefits

Short-term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

5.10.2 Defined contribution pension scheme

The Group operates a defined contribution pension scheme for its employees. A defined contribution scheme is a pension scheme under which the Group pays fixed contributions into a separate entity on behalf of its employees. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in other creditors in the consolidated statement of financial position. The assets of the scheme are held separately from the Group in independently administered funds.

5.10.3 Defined benefit pension scheme

The Group operates a defined benefit pension scheme for certain employees. A defined benefit scheme defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit scheme is a pension scheme that is not a defined contribution scheme.

The liability recognised in the consolidated statement of financial position in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting date less the fair value of the scheme assets at the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. On an annual basis, the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high-quality corporate bonds that are denominated in GBP and that have terms approximating to the estimated period of the future payments (discount rate).

The fair value of scheme assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts, together with the return on scheme assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit obligation'.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the consolidated statement of comprehensive income within other charges.

5.11 Impairment of non-financial assets

At each consolidated statement of financial position date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared with the carrying amount of the asset. The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the consolidated statement of comprehensive income unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in the consolidated statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the consolidated statement of comprehensive income.

5.12 Lease assets

At inception, the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

The Group does not have finance leased assets.

Rentals payable under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the lease term. The aggregate benefits of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

5.13 Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources is required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow is required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Contingent liabilities, arising as a result of past events, are not recognised when it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Group's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

5.14 Foreign currency

The functional and presentation currency of NHBC and its subsidiary companies is GBP given that all of the Group's activity is conducted in the United Kingdom. Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary items are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

The Group may invest in funds that are denominated in foreign currency. Foreign exchange gains and losses movements in relation to Other financial investments are recognised as part of the unrealised gains and losses balance in the consolidated statement of comprehensive income. Gains and losses resulting in realisation of Other financial investments are recognised as part of the realised gains and losses balance in the consolidated statement of comprehensive income.

5.15 Related party transactions

The Group does not disclose transactions with members of the same Group that are wholly owned as allowed by Section 33 of FRS 102.

5.16 Financial instruments

The Group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

5.16.1 Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period, financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the consolidated statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, then the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the consolidated statement of comprehensive income.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in the consolidated statement of comprehensive income, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled, or substantially all the risks and rewards of the ownership of the asset are transferred to another party or control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

5.16.2 Financial liabilities

Basic financial liabilities, including trade and other payables and loans from Group companies, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derivatives, including forward foreign exchange contracts, are not basic financial instruments.

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in the consolidated statement of comprehensive income.

The fair value of foreign exchange contracts, which include spot, forward and futures contracts, is determined using forward exchange rates at the balance sheet date discounted back to present value.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

5.17 Statement of cash flows

Cash and cash equivalents consist of cash at bank and in hand, deposits held on call with credit institutions, treasury bills and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Such investments are those with less than three months maturity from the date of acquisition, or which are redeemable on demand with only an insignificant change in their fair values. For the purposes of the statement of cash flows, cash and cash equivalents may also include bank overdrafts, which are included in payables and other financial liabilities in the consolidated statement of financial position.

Purchases and sales of financial investments are included within operating cash flows as the purchases are funded from cash flows associated with the origination of insurance contracts, net of related claims.

5.17.1 Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and to settle the liability simultaneously.

6 Risk management

The Group has exposure to a number of risks associated with its insurance business and risks from its use of financial instruments. These have been categorised into the following types of risk and details of the nature, extent and how the Group has managed these risks is described below:

- insurance
- market
- credit
- liquidity
- pension.

6.1 Insurance/underwriting risk

Insurance risk is defined as the risk of loss or of adverse change in the values of insurance and reinsurance liabilities, resulting from inadequate pricing and provisioning assumptions. As such, the Group's insurance risk is mitigated by setting an underwriting risk appetite, adequate management of premium rates (pricing risk) and adequate management of claims (claims risk).

The Group considers writing all business which meets its underwriting criteria and is within its risk appetite. Specifically, the Group is willing to offer latent defect warranties on private and social housing of most types. It also offers warranty on mixed-use developments including commercial, retail and/or leisure use as well as residential units. In addition, the Group is selectively prepared to offer Road and Sewer Bonds on developments covered by its insurance products and undertaken by its registered customers.

6.1.1 Pricing risk

Pricing risk is the risk that the Group fails to set its pricing at a level adequate to generate sufficient premiums to meet future claims.

The majority of premiums are calculated in accordance with the premium rating scheme which takes account of the number of years a builder has been registered with the Group, the builder's size, claims history and plot registration price.

For Major Project developments such as high-rise residential buildings, a bespoke price is calculated based on the risk presented by the developer and the features of the development itself.

6.1.2 Claims risk

Claims risk is the risk that future claims vary from expected claims.

The Group endeavours to manage its claims risk through a professional and timely claims handling, dispute resolution and repair management service.

6.1.3 Reserving risk

Reserving risk is the risk that provisions made for claims prove to be insufficient in light of later events and claims experience. Due to the relatively long-term nature of the Group's claims development patterns there is exposure to reserving risk.

The Group's Reserving Committee monitors the decisions and judgements made by the actuarial team and makes a recommendation to the Audit Committee which has the final decision on the reserves to be included within the consolidated financial statements. In forming its collective judgement, the Reserving Committee considers information such as: actuarial indication of ultimate losses together with an assessment of risks and possible favourable or adverse developments that may not have been fully reflected in calculating these indications; the views of internal peer reviewers of the reserves and of other parties including actuaries, underwriters and claims managers; and how previous actuarial indications have developed.

6.1.4 Concentration risk

Concentration risk is an inherent feature of the Group's insurance risk exposure, as it largely operates a monoline insurance scheme. The concentration risk arises from operating in a single geographic market with the majority of business derived from the Buildmark product.

Concentration risk is explicitly recognised by the Group and the risk is accepted as the Group currently has no appetite for diversification in relation to the type of cover it underwrites or its geographical scope..

6.1.5 Use of reinsurance

The Group uses traditional reinsurance as a key element in managing its insurance risk exposure: limiting its total exposure to ensure the stability of its capital position; creating additional capacity to take on business where it has already reached its internal limit for accepting risk; and protecting itself against erosion in capital due to volatility in claims experience.

6.2 Market risk

The Group defines market risk as the risk of a reduction in available assets from adverse movements in financial markets. The Group uses this term interchangeably with investment risk.

The following paragraphs describe significant components of market risk and how NHBC manages them.

6.2.1 Interest rate risk

Interest rate risk is defined as the risk that changes in the UK 'risk-free' yield curves lead to a reduction in available assets. This can result from an increase in the discounted value of the Group's liabilities (insurance and pension scheme liabilities) and/or a reduction in the value of the Group's fixed interest investments (within the insurance and pension scheme asset portfolios).

The Group's insurance liabilities are medium tailed (circa five-year duration) and the term structure of interest rates will affect the valuation of the liabilities. All else being equal when interest rates fall the value of liabilities increases, and vice versa. To mitigate this volatility, the Group invests in fixed income assets (matching assets). As for the liabilities, when interest rates fall the value of the assets increases (and vice versa). The sensitivity of the assets is presented on page 56.

6.2.2 Inflation risk

Inflation risk is defined as the risk that:

- actual inflation is different to what was expected and/or
- there is a change in the markets' view of future expected levels of inflation.

Many of the Group's insurance liabilities are linked to the cost of house repair. House repair inflation is not investible (assets with an explicit link to house repair inflation are not available). Assets linked to generic price inflation are available for investment (such as index-linked gilts). The Group believes that assets explicitly linked to price inflation are likely to provide protection against scenarios of very high house repair inflation. The Group therefore invests part of its matching assets portfolio in inflation-linked bonds.ds.

6.2.3 Equity price risk

The Group's portfolio of equity securities is subject to equity risk arising from changes in market price. Thus, if the value of equities falls, so will the fair value of its portfolio.

The Group continues to limit its equity exposure in line with the Group's risk preferences. The Group invests in equities through pooled funds. The Group's equity investments are globally diversified and include both developed and emerging markets equities. The Group's strategy ensures that the equity portfolio is sufficiently diversified thereby reducing exposure to individual equities.

The Company holds equity investments in its subsidiaries, which are carried at fair value. These assets are exposed to the operational risks of those entities.

Sensitivities to changes in equity prices are presented on page 56.

6.2.4 Property price risk

The Group's portfolio of properties is subject to property price risk arising from changes in the market value of properties. The Group's direct exposure to property price risk is small and is limited to a small number of Group owned and/or occupied office buildings and temporary ownership of property through the NHBC's claims process. Further information on the valuation approach is included in Note 5.5.

No derivative contracts have been entered in order to mitigate the effects of changes in property prices.

If the value of property falls so will the fair value of the portfolio. Sensitivity to changes in property prices is presented on page 56.

6.2.5 Currency risk

The Group operates exclusively in the United Kingdom and has minimal exposure to currency risk.

The Group's exposure to currency risk is predominantly through its investment portfolio that includes equity funds, bond holdings and loan portfolios. The underlying investments of the equity funds are denominated in a wide selection of currencies given the well diversified global strategy. Overseas bond investments are denominated in US Dollars and Euros.

During the financial year the Group held derivatives to mitigate the currency risk associated with its overseas bonds and loans.

6.2.6 Derivative risk

The Group directly holds derivatives, in the form of foreign currency forward contracts and interest rate swaps and futures, to partially mitigate the currency risk of its overseas bond investments and manage interest rate risk within appetite. The Group had no other derivative exposures.

6.2.7 Sensitivity analysis

The table below reflects changes in the consolidated statement of comprehensive income as a result of single factor changes in risks it is exposed to.

	Increase / (decrease) in statement of comprehensive income		Increase / (decrease) in other comprehensive income		Increase / (decrease) in total reserves	
	2026	2025	**2026**	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000	**£'000**	£'000
Impact on fixed interest securities of increase in interest rates of 25bps	**(9,568)**	(8,462)	-	-	**(9,568)**	(8,462)
Impact on equities and funds of a 15% fall in value	**(2,915)**	(4,168)	-	-	**(2,915)**	(4,168)
Decrease of property markets of 15%	**(1,118)**	(1,230)	**(39)**	(39)	**(1,157)**	(1,269)

The impact of the changes on the defined benefit pension liability is excluded.

6.3 Credit risk

Credit risk is the risk of loss of value of the financial assets due to counterparties failing to meet all or part of their obligations.

Credit risk appetite is embedded within risk policies and contracts with external parties where credit risk is prevalent. The Board Risk Committee (BRC), other Board sub-committees and senior management monitor credit risk exposure through quarterly reporting.

Limits are set at both a portfolio and counterparty level based on likelihood of default, derived from the rating of the counterparty, to ensure that the Group's overall credit profile and specific concentrations are managed and controlled within risk appetite.

Areas particularly exposed to credit risk are:

- investments
- Group's customers
- reinsurance assets.

Details of the nature, extent and how the Group manages the credit risk in relation to areas listed above are described below.

6.3.1 Investments

Investment exposure with external counterparties is managed by ensuring there is a sufficient spread of investments so that NHBC is not over-exposed to individual counterparties or sectors. Careful consideration is given to the quality of these counterparties. The quality is managed via setting overall risk tolerance levels, the construction of investment mandates given to external managers and in selecting external managers to manage the investments.

6.3.2 Group's customers

To minimise this risk from the Group's customers defaulting in making payments for goods that have been supplied to them, the Group has a policy of only dealing with customers who have demonstrated credit worthiness. To determine previous creditworthiness the Group makes use of independent rating agencies, other publicly available financial information and its own trading records. The Group's exposure and its customers' creditworthiness are continually monitored so that any potential problems are detected at an early stage. The Group does not have collateral held as security or any other credit enhancements with respect to its trade debtors.

6.3.3 Reinsurance assets

The Group is exposed to credit and concentrations of risk with individual reinsurers. Reinsurance counterparties are subject to a rigorous internal assessment process on an ongoing basis to ensure that their creditworthiness continues to be satisfactory and the potential impact from reinsurer default is measured regularly and managed accordingly. The Group policy dictates that reinsurers have a financial strength rating of at least A- (Based on Standard & Poor's rating system or comparable rating) with derogation permitted in conjunction with appropriate collateralisation. The policy requires consideration of the degree of diversification the reinsurers provide as a group and concentration of risk with individual counterparties.

6.3.4 Credit enhancements

The Group does not have collateral directly held as security or any other credit enhancements with respect to its financial assets. There are no related credit derivatives or similar instruments that mitigate maximum exposure to credit risk.

NHBC's certain back-book quota share reinsurance arrangement is with a counterparty without a formal credit rating. The arrangement is collateralised via a third-party trust arrangement where NHBC is listed as a beneficiary in event of a credit default of the reinsurance counterparty.

However, the Group holds certain security in relation to specific sections of its insurance product. At 31 March 2026, the Group held £44m (2025: £33m) of builder customer deposits. The Group has additional credit enhancements with respect to Major Projects which include, but are not limited to, land charges.

6.3.5 Credit risk exposure and ageing of financial and insurance assets

The following table provides information regarding the aggregated credit risk exposure for financial assets of the Group at 31 March 2026. The total is of financial assets that are neither past due nor impaired.

	AAA	AA	A	BBB	BB	B and below	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed income securities	136,387	415,046	326,576	382,493	4,809	-	2,070	1,267,381
Equity and other variable yield securities	-	-	-	-	-	-	230,150	230,150
Derivatives	-	-	-	-	-	-	5,354	5,354
Reinsurers' share of insurance contract liabilities	-	138,686	95,634	-	-	-	286,964	521,283
Reinsurance debtors	-	-	-	-	-	-	5,767	5,767
Insurance and non-insurance trade debtors	-	-	-	-	-	-	19,774	19,774
Other debtors	-	-	-	-	-	-	8,101	8,101
Cash and cash equivalents	-	-	-	-	-	-	163,187	163,187
	136,387	**553,732**	**422,210**	**382,493**	**4,809**	**-**	**721,367**	**2,220,997**

The following table provides information about the aggregated credit risk exposure for financial assets of the Group at 31 March 2025. The total is of financial assets that are neither past due nor impaired.

	AAA	AA	A	BBB	BB	B and below	Not rated	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed income securities	125,472	300,655	291,538	408,382	4,773	1,525	1,923	1,134,268
Equity and other variable yield securities	-	-	-	-	-	-	208,275	208,275
Derivatives	-	-	-	-	-	-	13,031	13,031
Reinsurers' share of insurance contract liabilities	-	140,641	89,470	-	-	-	274,030	504,141
Reinsurance debtors	-	-	-	-	-	-	2,172	2,172
Insurance and non-insurance trade debtors	-	-	-	-	-	-	13,479	13,479
Other debtors	-	-	-	-	-	-	8,249	8,249
Cash and cash equivalents	-	-	-	-	-	-	238,202	238,202
	125,472	**441,296**	**381,008**	**408,382**	**4,773**	**1,525**	**759,361**	**2,121,817**

The carrying amount best represents the maximum exposure to financial and insurance assets.

The table below represents the ageing of the financial and insurance assets held by the Group at 31 March 2026.

	Neither past due nor impaired	0 to 90 days	91 to 180 days	181 days to 360 days	361 days and over	Provision for impairment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed income securities	1,267,381	-	-	-	-	-	1,267,381
Equity and other variable yield securities	230,150	-	-	-	-	-	230,150
Derivatives	5,354	-	-	-	-	-	5,354
Reinsurers' share of insurance contract liabilities	521,283	-	-	-	-	-	521,283
Reinsurance debtors	5,767	-	-	-	-	-	5,767
Insurance and non-insurance trade debtors	11,859	4,206	1,818	2,062	1,284	(1,455)	19,774
Other debtors	8,101	-	-	-	-	-	8,101
Cash and cash equivalents	163,187	-	-	-	-	-	163,187
	2,213,082	**4,206**	**1,818**	**2,062**	**1,284**	**(1,455)**	**2,220,997**

The table below represents the ageing of the financial and insurance assets held by the Group at 31 March 2025.

	Neither past due nor impaired	0 to 90 days	91 to 180 days	181 days to 360 days	361 days and over	Provision for impairment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed income securities	1,134,268	-	-	-	-	-	1,134,268
Equity and other variable yield securities	208,275	-	-	-	-	-	208,275
Derivatives	13,031	-	-	-	-	-	13,031
Reinsurers' share of insurance contract liabilities	504,141	-	-	-	-	-	504,141
Reinsurance debtors	2,172	-	-	-	-	-	2,172
Insurance and non-insurance trade debtors	8,115	3,773	930	946	496	(781)	13,479
Other debtors	8,249	-	-	-	-	-	8,249
Cash and cash equivalents	238,202	-	-	-	-	-	238,202
	2,116,453	**3,773**	**930**	**946**	**496**	**(781)**	**2,121,817**

6.3.6 Impairment of assets

The Group believes that no impairment allowance is necessary in respect of financial assets not past the due date.

The Group considers notified disputes, significant changes in the counterparty's financial position and collection experience in determining which assets should be impaired. The credit quality of receivables is managed at Group level with uncollectable amounts being impaired where necessary.

The movement in the allowance for impairment in respect of financial and insurance assets during the year was as follows:

	2026	2025
	£'000	£'000
At 1 April	**781**	1,025
Impairment loss recognised	**(92)**	(265)
Bad debt provision recognised in year	**766**	21
At 31 March	**1,455**	781

6.4 Liquidity risk

Liquidity risk is the risk that the Group may be unable to pay obligations when due as a result of assets not being available in a form that can immediately be converted into cash. The Group is in a strong liquidity position and seeks to ensure that it maintains enough financial resources to meet its obligations as they fall due.

6.4.1 Maturity analysis of financial liabilities

The following table summarises the maturity of financial liabilities. Claims outstanding on insurance contract liabilities are also presented and are analysed by remaining estimated duration until settlement. The amounts in the table are undiscounted.

At 31 March 2026:

	Less than one year	One to two years	Two to five years	Five to ten years	Greater than ten years	Total	Carrying value in the statement of financial position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claims outstanding	(118,400)	(94,240)	(206,062)	(72,376)	(1,746)	(492,824)	(492,824)
Trade creditors	(10,032)	-	-	-	-	(10,032)	(10,032)
Other creditors	(64,269)	-	-	-	-	(64,269)	(64,269)
Derivatives	(5,431)	(663)	(461)	(206)	-	(6,761)	(6, 761)
	(198,132)	**(94,903)**	**(206,523)**	**(72,582)**	**(1,746)**	**(573,886)**	**(573,886)**

At 31 March 2025:

	Less than one year	One to two years	Two to five years	Five to ten years	Greater than ten years	Total	Carrying value in the statement of financial position
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Claims outstanding	(106,434)	(80,255)	(159,443)	(60,708)	(17,034)	(423,874)	(423,874)
Trade creditors	(9,802)	-	-	-	-	(9,802)	(9,802)
Other creditors	(52,275)	-	-	-	-	(52,275)	(52,275)
Derivatives	(1,990)	(2,676)	(858)	(181)	(1,249)	(6,954)	(6,954)
	(170,501)	**(82,931)**	**(160,301)**	**(60,889)**	**(18,283)**	**(492,905)**	**(492,905)**

6.5 Pension risk

Pension risk is the risk that the NHBC Defined Benefit Pension Scheme (the Scheme) surplus turns into a deficit that significantly widens thus impairing the Group's net assets and solvency position.

The following information describes key drivers of the deficit/surplus recognised in the Group's financial statements.

6.5.1 Investments

The Scheme's current investment strategy is set out as follow:

- To control funding level volatility on a Solvency basis via the investment strategy.
- To ensure that it can meet its obligation to the beneficiaries of the Scheme.
- To ensure that the Scheme's investment and funding strategies are consistent.

The Trustee has agreed, based on expert advice, an investment strategy that is consistent with these investment objectives This is as follows: 100% in investments that share characteristics with the long-term liabilities of the Scheme, comprising of LDI (100%)

Note 27.1.4 discloses the value of the Scheme's investments.

6.5.1.1 Investments – currency risk

The Scheme was not subject to direct currency risk in the current year because no investments were held in non-sterling currencies as at 31 March 2026 (2025: £10.3m).

The Scheme was not subject to indirect currency risk in the current year. However, in the previous year the Scheme was subject to indirect currency risk because some sterling denominated pooled investment vehicles held underlying non sterling investments that were not fully currency hedged by the investment manager; the value of holdings exposed to this risk totalled (2025: £81.1m).

6.5.1.2 Investments – interest rate risk

The Scheme is subject to interest rate risk via its Liability Driven Investment ("LDI"), via pooled investment vehicles.

The Trustees have set a benchmark allocation of 100% to LDI. If interest rates fall, the value of these assets will rise to help match a proportion of the increase in actuarial liabilities arising from a fall in the discount rate. Similarly, if interest rates rise, these assets will fall in value (as will the actuarial liabilities) due to an increase in the discount rate. As at year end, the Trustee expect these assets to capture 100% (2025: 100%) of the change in actuarial liability value due to interest rate movements.

6.5.1.3 Investments – other price risk

Other price risk also arises in relation to the index-linked bonds held due to the inflation sensitive elements in these funds. However, inflation risk is also inherent in the Scheme liabilities in the same way as interest rate risk, as described above. The Trustee similarly considers the net inflation risk when taking account of how the liabilities are valued.

6.5.1.4 Investments – credit risk

To gain exposure to certain asset classes in a cost-effective way (in both monetary and governance terms), the Scheme is invested in pooled investment vehicles. Therefore, the Scheme is directly exposed to credit risk of these pooled investment vehicles. The value of assets invested in pooled funds and therefore directly exposed to credit risk as a result of this at year end was £155.6m (2025: £152.7).

The Scheme is subject to indirect credit risk due to bonds, OTC derivatives, repurchase agreements and cash held within pooled investment vehicles. The value of assets exposed indirectly to credit risk as a result of this at year end was £155.6m (2025: £152.7m). This value includes pooled investment vehicles that have only a partial allocation to these asset classes.

In respect of the Trustee's approach to managing credit risk arising from the various asset classes, we note the following positions at year end:

- The credit risk from Sovereign Government bonds held directly or indirectly is considered to be minimal. These assets are primarily held for risk management purposes.
- OTC derivative contracts are not guaranteed by any regulated exchange and therefore the Scheme is subject to risk of failure of the counterparty. The credit risk for OTC swaps and repurchase agreements is reduced by collateral arrangements held within the respective pooled investment vehicles.

- The credit risk associated with direct cash balances held by the Scheme's custodian or within the Trustee bank account is mitigated by the use of regular sweeps and investment into a liquidity fund or other pooled funds.
- Pooled liquidity funds will invest with a diversified range of institutions, which are at least investment grade credit rated, to mitigate credit risk.

6.5.2 Liabilities

The value of liabilities is subject to certain risks and uncertainties. The following are the principal risks and uncertainties that impact upon the value of the Scheme liabilities.

6.5.2.1 Liabilities – discount rate

It is important to note that FRS 102 accounting standard requires the discount rate to be set with reference to the yields on high-quality (usually taken to mean AA rated) corporate bonds irrespective of the actual investment strategy of the Scheme. Therefore, the market will drive the discount rate.

A reduction in the discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the discount rate will have an opposite effect of similar magnitude.

6.5.2.2 Liabilities – inflation risk

An increase in the inflation rate will increase the assessed value of liabilities as a higher value is placed on benefits. Reduction in the inflation rate will have an opposite effect of similar magnitude.

6.5.2.3 Liabilities – longevity risk

There is also uncertainty around the future life expectancy of the UK population. The value of current and future pension benefits will depend upon how long they are assumed to be in payment.

The Scheme does not currently hold investments to manage longevity risk. If in future affordable products become available, aimed at schemes similar in size and nature to this Scheme, that effectively mitigate such risk, the Scheme will consider these products.

6.5.2.4 Liabilities – sensitivity analysis

The following table summarises the estimated sensitivity of the disclosed liability value to changes in the principal assumptions that have been used in the calculations.

	2026	2025
Decrease discount rate by 0.25% (2025: 0.25%)	**£4m**	£5m
Increase inflation rate by 0.25% (2025: 0.25%)	**£3m**	£3m
Increase life expectancy by 1 year (2025: 1 year)	**£6m**	£6m

7 Capital management

The Group is headed by a company limited by guarantee, has no external shareholders, is exclusively funded through retained earnings, and maintains an efficient capital structure, consistent with the Group's risk profile and the regulatory requirements of its business.

The Group's capital is exclusively comprised of retained earnings and revaluation reserves.

The Group's objectives in managing its capital are:

- to match the profile of its assets and liabilities, taking account of the risks inherent in the business
- to maintain financial strength and resilience including protecting capital from shocks or excessive volatility
- to satisfy the requirements of Solvency II, homeowners and regulators
- to allocate capital efficiently to support growth.

There have been no changes to the Group's capital management objectives during the year.

The Group's capital position is kept under constant review by the Board, with the Asset and Liability Committee reporting through the Executive Risk Committee and into the Board Risk Committee.

The Company is authorised by the UK's Prudential Regulation Authority (PRA). PRA classifies the Company as an insurance company. As a result, the Company must maintain capital resources as prescribed by the PRA through its Prudential Sourcebook.

7.1 Solvency Capital Requirement (unaudited)

Since 1 January 2025, the Company has been subject to the requirements of the PRA Rules for UK Solvency II firms and must hold sufficient capital to meet its SCR which is calibrated to seek to ensure a 99.5% confidence of the ability to meet obligations over a 12-month time horizon. The Company calculates its SCR in accordance with the standard formula prescribed in the PRA Rules for UK Solvency II firms. The Company has a solvency ratio risk appetite from 31 March 2025 of 180%. At 31 March 2026, under Solvency II, the solvency ratio was 269% (2025: 267%).

The audited SCR is available as part of NHBC's Solvency and Financial Condition Report which can be viewed via NHBC's website: **Reports | NHBC**

The Company is compliant with PRA Rules for UK Solvency II firms.

8 Turnover

Group activities consist of two main segments within the United Kingdom, being insurance activities and other activities relating to the efficient construction of good quality housing. The direct underwriting operations of the Group consist primarily of one class of business, being pecuniary loss insurance. The table below shows the analysis of the turnover by segment.

	2026		2025	
	£'000	**£'000**	£'000	£'000
Gross earned premiums		**171,746**		161,353
Other activities				
Inspection services	**73,268**		67,270	
Registration fee income	**3,461**		3,731	
Other services supporting the industry	**19,010**		16,416	
Other activities		**95,739**		87,417
		267,485		248,770

As well as inspection services performed under Buildmark contracts, inspection services include Building Control inspection income.

Turnover, comprising of gross earned premiums and other income, is derived wholly from continuing operations.

9 Particulars of business

The table below shows elements of insurance results split by class.

	2026		2025	
	Credit & suretyship	**Miscellaneous Financial Loss**	Credit & suretyship	Miscellaneous Financial Loss
	£'000	**£'000**	£'000	£'000
Gross premiums written	**38,181**	**133,565**	28,385	132,968
Gross premiums earned	**30,554**	**116,101**	24,449	91,413
Gross claims incurred	**71,668**	**118,422**	8,753	100,203
Gross operating expenses	**4,839**	**16,925**	3,449	16,156
Reinsurance balance	**22,914**	**(1,193)**	2,088	14,894

The reinsurance balance represents a credit (2025: credit) charge to the technical account from the aggregate of all items relating to reinsurance outwards.

10 Movements in prior year's claims provisions

	2026	2025
	£'000	£'000
Net claims provisions brought forward at 1 April	**271,892**	252,742
Net payments during the year in respect of these provisions	**(87,084)**	(41,879)
Net claims provisions carried forward in respect of claims provided at 1 April	**(286,798)**	(264,869)
Movement in prior year's provision	**(101,990)**	(54,006)

11 Net operating expenses

	2026	2025
	£'000	£'000
Acquisition costs	**6,821**	5,642
Increase in deferred acquisition costs provision	**(3,437)**	(2,984)
Administrative expenses	**18,380**	16,947
Reinsurance commission	**(5,405)**	(6,455)
	16,359	13,150

Administrative expenses include the cost of general business levies as well as other administrative expenditure attributed directly to insurance activities. The Group does not pay commissions for direct business that includes acquisition, renewal and collection.

12 Investment return

	2026 £'000	2026 £'000	2025 £'000	2025 £'000
Investment income				
Interest income on financial assets at amortised cost	**2,348**		2,467	
Income from financial assets at fair value through consolidated statement of comprehensive income	**48,111**		45,497	
Gains on derivative contracts	**4,054**		7,652	
Net (losses) / gains from realisation of financial assets at fair value through consolidated statement of comprehensive income	**3,821**		(11,488)	
		58,334		44,128
Net unrealised gains on financial assets at fair value through consolidated statement of comprehensive income		**6,936**		12,706
Investment expenses and charges				
Investment management expenses on financial assets at fair value through consolidated statement of comprehensive income	**(4,025)**		(4,190)	
Interest payable	**(990)**		(1,228)	
		(5,015)		(5,418)
		60,255		51,416

Interest payable of £990,000 (2025: £1,228,000) represents interest on builder deposits posted as collateral.

Net interest income on the defined benefit pension scheme £670,000 (2025: income of £105,000) is recognised in other charges within the consolidated statement of comprehensive income.

The Company paid interest to its subsidiary companies on intercompany balances.

13 Employee information

The average number of persons (including Executive Directors) employed by the Company and Group during the year by activity was:

	2026	2025
Insurance activities	**272**	272
Other direct activities	**867**	861
Administration	**238**	237
	1,377	1,370

Other direct activities relate to providing services which improve the quality of new and newly converted homes.

Employee costs for the above persons were:

	2026	2025
	£'000	£'000
Wages and salaries	**72,040**	76,593
Social security costs	**9,968**	9,390
Pension costs	**14,999**	13,424
	97,007	99,407

14 Director emoluments

	2026	2025
	£'000	£'000
Aggregate emoluments	**2,640**	2,132
Aggregate compensation for loss of office	**1**	-
Company pension contributions to defined contribution schemes	**30**	26
	2,671	2,158

Retirement benefits are accruing to one director (2025: one) under the Group's defined contribution pension scheme and no directors (2025: none) under the defined benefit pension scheme.

No advances or credits granted to any director subsisted during the year. Also, no guarantees on behalf of any director subsisted during the year.

The Company does not have a share option scheme.

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2026	2025
	£'000	£'000
Aggregate emoluments and benefits under long-term incentive schemes	**746**	607

The highest paid director is not a member of any of the Group's pension schemes.

15 Profit on ordinary activities before taxation

Profit on ordinary activities is stated after:

15.1 Auditor remuneration

	2026	2025
	£'000	£'000
Audit services, pursuant to legislation:		
• Fees payable to the Company's auditors for the audit of the Company and Group financial statements	439	419
• The audit of the Company's subsidiaries, pursuant to legislation	33	31
• The audit of the occupational pension scheme, pursuant to legislation	19	18
Audit related assurance services:		
• Fees in respect of the audit of the Solvency and Financial Condition Report ("SFCR")	46	44
	537	512

15.2 Impairment of trade receivables

	2026	2025
	£'000	£'000
Impairment of trade receivables	766	21

15.3 Operating lease charges

	2026	2025
	£'000	£'000
Land and buildings	420	101
Motor vehicles	4,920	4,635
	5,340	4,736

16 Income tax

16.1 Tax expense / (income) included in the consolidated statement of comprehensive income

	2026		2025	
	£'000	£'000	£'000	£'000
Current tax				
UK Corporation Tax on profits for the year	**3,936**		8,902	
Adjustment in respect to prior periods	**78**		(45)	
Total current tax		**4,014**		8,857
Deferred tax				
Origination and reversal of timing differences	**5,521**		12,286	
Adjustment in respect of prior periods including impact of change in tax rate	**(490)**		42	
Recognition of deferred tax asset	**-**		(13,123)	
Total deferred tax		**5,031**		(795)
		9,045		8,062

16.2 Tax income included in other comprehensive income

	2026	2025
	£'000	£'000
Deferred tax		
Origination and reversal of timing differences	**(1,672)**	429
Impact of change in tax rate	**-**	-
Recognition of deferred tax asset	**-**	-
	(1,672)	429

NHBC

16.3 Reconciliation of tax charge

Tax assessed for the period is lower (2025: lower) than the standard rate of Corporation Tax in the UK for the year ended 31 March 2026 of 25% (2025: 25%). The differences are explained below:

	2026	2025
	£'000	£'000
Profit on ordinary activities before tax	**30,571**	89,422
Profit multiplied by the standard rate of tax in the UK of 25% (2024: 25%)	**7,643**	22,356
Effects of:		
• Income not chargeable for tax purposes	**(119)**	18
• Adjustments in respect of index-linked gilts	**1,842**	(1,292)
• Expenses not deductible for tax purposes and permanent differences	**90**	106
• Adjustments in respect of prior years	**78**	(2)
• Adjustments to deferred tax in respect of prior years	**(488)**	-
• Movement in un-recognised deferred tax asset	**-**	(13,123)
• Profits taxed at 19%	**(1)**	(1)
	9,045	8,062

16.4 Tax rate changes

Deferred tax has been measured using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date. Deferred tax balances have been calculated at the UK corporation tax rate of 25% (2025: 25%).

17 Land and buildings

The land and buildings have been revalued at 31 March 2026.

	The Group and the Company
	£'000
Cost or valuation	
At 1 April	**9,286**
Additions	**-**
Revaluation	**(750)**
Disposals	**-**
At 31 March	**8,536**
Depreciation	
At 1 April	**764**
Charge	**133**
Revaluation	**(71)**
Disposals	**-**
At 31 March	**826**
Net book value at 31 March 2026	**7,710**
Net book value at 31 March 2025	8,522

All land and buildings are predominantly occupied by the Group for its own activities. Land and buildings at net book value comprise:

	The Group and the Company	
	2026	2025
	£'000	£'000
Freehold	**7,450**	8,200
Long leasehold	**260**	260
Short leasehold improvements	**-**	62
	7,710	8,522

All land and buildings are regularly revalued in accordance with the Group's stated accounting policy as set out in Note 5.5. The last valuations were performed at 31 March 2026. If land and buildings had not been revalued in this manner they would have been included at the following amounts:

	The Group and the Company	
	2026	2025
	£'000	£'000
Cost	**13,749**	13,749
Accumulated depreciation based on cost	**(2,700)**	(2,566)
	11,049	11,183

The Group's impairment loss taken to the consolidated statement of comprehensive income amounted to £684,400 (2025: loss of £430,400).

No land and buildings have been pledged as security on any of the Group's liabilities.

18 Investment in Group undertakings and participating interests

18.1 Investment in participating interests - Group

The Group has no investments that would be considered an investment in an associate company.

The Group is part of a joint venture agreement in respect of the Consumer Code For Home Builders Limited. Consumer Code For Home Builders Limited is incorporated in the UK, limited by guarantee (to a maximum of £1 of its members) and has no share capital. The impact of the joint venture is immaterial to the Group's financial statements.

18.2 Investment in Group undertakings - Company

	2026	2025
	£'000	£'000
At 1 April	**11,310**	16,369
Revaluation	**(2,921)**	(5,059)
At 31 March	**8,389**	11,310
Analysed as:		
NHBC Building Control Services Limited	**4,415**	7,378
NHBC Services Limited	**3,974**	3,932
NHBC Pension Trustee Limited	**-**	-
	8,389	11,310

The Company's subsidiary undertakings, included in the consolidation, were wholly and directly owned and registered in England and Wales. At 31 March 2026 they were as follows:

- NHBC Building Control Services Limited - issued and fully paid 50,000 £1 ordinary shares. NHBC Building Control Services Limited is an Approved Inspector for Building Regulation purposes in England and Wales.
- NHBC Services Limited - issued and fully paid 50,000 £1 ordinary shares. NHBC Services Limited provides services to the home-building and related industries.
- NHBC Pension Trustee Limited - issued and fully paid 100 £1 ordinary shares. NHBC Pension Trustee Limited arranges the provision of pensions to many of NHBC's present and past employees. NHBC Pension Trustee Limited did not trade during the year.

The directors believe that the carrying value of the investments is supported by their underlying net assets and was valued in accordance with the Group's accounting policy as set out in Note 5.6.

The registered office for all Group companies is NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks, MK5 8FP.

19 Debtors

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Insurance activities				
Debtors arising out of direct insurance operations	**11,743**	7,812	**11,743**	7,812
Debtors arising out of reinsurance operations	**5,767**	2,172	**5,767**	2,172
	17,510	9,984	**17,510**	9,984
Other debtors				
Trade debtors	**8,031**	5,667	**5,321**	3,543
Corporation tax	**5,324**	5,188	**6,667**	5,191
Other debtors	**2,777**	3,061	**2,777**	3,061
	16,132	13,916	**14,765**	11,795

Trade debtors includes £Nil (2025: £Nil) falling due after more than one year.

Trade debtors are stated after provisions for impairment of £1,455,000 (2025: £781,000).

20 Deferred tax asset

	Group	Company
	£'000	**£'000**
At 1 April	**18,827**	**18,826**
Charge to the consolidated statement of comprehensive income	**(5,032)**	**(5,052)**
Charge to other comprehensive income	**1,670**	**1,671**
At 31 March	**15,465**	**15,445**

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Trade Losses	**15,716**	20,979	**15,716**	20,979
Deferred tax related to defined benefit pension plan asset	**(1,412)**	(2,915)	**(1,412)**	(2,915)
Excess of depreciation over capital allowances	**367**	527	**346**	527
Other timing differences	**794**	236	**795**	235
	15,465	18,827	**15,445**	18,826

The Group and Company had taxable losses carried forward of £62,862,000 (2025: £83,607,000). The annual review of the recoverability of the deferred tax asset has indicated that it is probable that the Group will generate the taxable profits required to support the full recognition of the asset. At 31 March 2026 deferred tax assets of £15,465,000 (2025: £18,827,000) have been recognised for the Group and £15,445,000 (2025: £18,826,000) for the Company, with additional deferred tax assets of £nil (2025: £nil) for the Group and £nil (2025: £10,000) for the Company not being recognised. There is no expiry date on any of the Group or Company deferred tax assets.

It is expected that the Group and Company will utilise £4,626,000 (2025: £5,882,000) of the deferred tax asset in the following financial year as tax losses are utilised.

Due to the indexation of the properties that the Group holds, it is unlikely that any gains will arise in the foreseeable future. Therefore, no deferred tax has been provided with respect to existing capital tax losses that arose on the disposal of buildings. The undiscounted value of these losses is £498,000 based on a prevailing tax rate of 25% (2025: £498,000).

Uncrystallised capital losses have not been recognised as deferred tax assets as it is deemed unlikely that any gains will arise in foreseeable future. The undiscounted value of these losses is £4,127,000 based on a prevailing tax rate of 25% (2025: £394,000).

21 Tangible assets

The Group	Computer equipment	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April	8,614	7,004	15,618
Additions	683	1,307	1,990
Disposals	(1,515)	-	(1,515)
At 31 March	**7,782**	**8,311**	**16,093**
Depreciation			
At 1 April	7,884	5,756	13,640
Charge	455	218	673
Disposals	(1,515)	-	(1,515)
At 31 March	**6,824**	**5,974**	**12,798**
Net book value at 31 March 2026	**958**	**2,337**	**3,295**
Net book value at 31 March 2025	730	1,248	1,978

The Company	Computer equipment	Fixtures and fittings	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 April	8,614	5,697	14,311
Additions	683	41	724
Disposals	(1,515)	-	(1,515)
At 31 March	**7,782**	**5,738**	**13,520**
Depreciation			
At 1 April	7,884	5,508	13,392
Charge	455	66	521
Disposals	(1,515)	-	(1,515)
Net book value at 31 March 2026	**958**	**164**	**1,122**
Net book value at 31 March 2025	730	189	919

No tangible assets have been pledged as security on any of the Group's liabilities. No tangible assets are held under finance leases.

22 Deferred acquisition costs

The following changes have occurred in the deferred acquisition costs during the year:

	2026	2025
	£'000	£'000
At 1 April	**22,778**	19,794
Acquisition costs deferred during the year	**6,821**	5,642
Amortisation	**(3,384)**	(2,658)
At 31 March	**26,215**	22,778

23 Insurance contract liabilities and associated reinsurance

The following notes explain how the Group, and the Company, calculates its liabilities to homeowners for insurance products it has sold. Note 24 covers insurance contract liabilities. Note 25 details the reinsurance recoverable on insurance contract liabilities whilst Note 25.4 presents sensitivity analysis on insurance contract liabilities and associated reinsurance.

The following is a summary of the Group insurance contract provisions and related reinsurance assets at 31 March 2026.

	2026			2025		
	Gross provisions	Reinsurance assets	Net	Gross provisions	Reinsurance assets	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Provision for unearned premiums	**(788,471)**	**326,992**	**(461,479)**	(763,381)	352,159	(411,222)
Claims outstanding	**(492,824)**	**194,291**	**(298,533)**	(423,874)	151,982	(271,892)
Unexpired risk reserve	**-**	**-**	**-**	(25,745)	-	(25,745)
	(1,281,295)	**521,283**	**(760,012)**	(1,213,000)	504,141	(708,859)

The following is a summary of the Company insurance contract provisions and related reinsurance assets as at 31 March 2026.

	2026			2025		
	Gross provisions	Reinsurance assets	Net	Gross provisions	Reinsurance assets	Net
	£'000	£'000	£'000	£'000	£'000	£'000
Provision for unearned premiums	**(789,592)**	**326,992**	**(462,600)**	(764,405)	352,159	(412,246)
Claims outstanding	**(492,824)**	**194,291**	**(298,533)**	(423,874)	151,982	(271,892)
Unexpired risk reserve	**(2,658)**	**-**	**(2,658)**	(27,337)	-	(27,337)
	(1,285,074)	**521,283**	**(763,791)**	(1,215,616)	504,141	(711,475)

24 Insurance liabilities

This note analyses the Group's insurance contract liabilities and describes how the Group calculates these liabilities, and the assumptions used.

24.1 Insurance product

The majority of the Group's insurance liabilities arise as a result of the sale of the Buildmark and Buildmark Choice products. The Buildmark product is NHBC's warranty and insurance product for newly built or newly converted homes. Buildmark Choice is specifically designed to protect landlords of newly built or newly converted homes which are built to be rented out or for shared ownership in the private, affordable or social housing sectors. Both Buildmark and Buildmark Choice products sold by NHBC protect a homeowner in three separate ways – which can be divided into three temporal periods as follows:

Section 1: Prior to completion of the house purchase, Section 1 provides insurance to a policyholder that covers losses caused by the builder going insolvent. For Buildmark policies, this would cover the loss of the homeowner's deposit. For Buildmark Choice policies, the coverage would usually protect the policyholder from extra costs incurred as a result of builder insolvency – up to a maximum of 10% of the sum insured.

Section 2: Section 2 is concerned with the two-year period immediately following legal completion of the home, i.e., when the homeowner moves in. This provides cover in the event (and only in the event) that the builder is unable or unwilling to honour the builder's warranty to fix defects with the property. Where possible, NHBC usually seeks to recover these costs from the builder.

Sections 3, 4 & 5: The policy periods for these Sections of Buildmark and Buildmark Choice begin after the end of Section 2 for a period of eight years, i.e., years three to ten following legal completion. Like Section 1, these Sections are exclusively concerned with obligations undertaken by NHBC to the homeowner to provide an indemnity in the event of certain events.

From 1 October 2019, NHBC no longer provided Section 4 cover as part Buildmark or Buildmark Choice products. Section 4 provided insurance for health and safety issues arising from a builder's failure to meet certain Building Regulations within years 3-10 of the policy.

Also, from 1 October 2019, Section 5 of the Buildmark and Buildmark Choice products (cover for contaminated land), was deleted and instead formed part of the Section 3.

24.2 General methodology

Estimation of the ultimate cost of future claim payments is primarily based on actuarial and statistical analyses of past claims experience (and exposure where sufficient experience does not yet exist, or where standard actuarial methods are not appropriate). Historical data is split into 12 reasonably homogeneous segments for the purpose of ultimate cost projections.

The estimates are underpinned by historical data where available. Specific adjustment is made where the future risk (or exposure) is believed to differ (materially) from the observed historical risk. In doing this, considerable expert judgement is applied in determining the relevance of historical data alongside any perceived changes in the future risks.

The reserves are estimated gross of reinsurance. The net reserves are then calculated by assessing the expected reinsurance recoveries given the gross reserves estimated.

The UK GAAP insurance contract liability calculations are based on NHBC's Solvency II best estimate methodology. Best estimate cash flows are projected for homogenous risk groupings using a deterministic approach. Reinsurance recoveries are estimated by applying the relevant cash flows to NHBC's reinsurance cover.

To convert from Solvency II best estimate to UK GAAP, Solvency II specific elements are removed from the calculation and a margin reflecting the reasonably foreseeable requirement is added. The margin is selected by management and is informed referencing prior years' margins.

In addition to the core reserves for Sections 1-5, NHBC also includes an allowance for Events Not in Data (ENIDs), i.e. events which are possible but without historical precedent. ENIDs have to be considered separately because (by definition) they would not be properly allowed for in projections based on historical data alone.

Two main categories of Buildmark ENID are considered, namely (1) exceptional losses of the size or type not seen before, and (2) losses that could result from a major builder insolvency or defection to another insurer.

Standard actuarial techniques to estimate reserves are not used for Section 4, due to material distortions in claim patterns as a result of the Grenfell Tower fire in June 2017.

In order to estimate reserves, the model uses claim estimate amounts provided by the claims team in relation to notified (i.e. existing) claims and adds an amount in relation to claims not yet notified. This additional amount relies on extrapolating from recent notification trends.

These estimates are then adjusted for expected recoveries from applicable builders.

24.3 Risk concentration

Breakdown by category of risk (main assumptions) is provided below.

24.4 Assumptions

Aside from volumes (policy registrations), the size of the estimated reserves is primarily driven by:

- exceptional losses
- builder approach to self-repair
- social inflation
- economic conditions - cost inflation (HRCI)
- economic conditions - housing market
- discount rate.

24.4.1 Exceptional losses

Due to the nature of new home building and the warranties provided, NHBC is exposed to the possibility of a common defect in a large number of homes. If discovered, reported and accepted by NHBC as valid, such an issue could result in significant claims costs. This is possible even if individual repairs are relatively inexpensive due to the sheer number of homes under cover at any point in time.

NHBC's exposure to these events partly depends on the degree of homogeneity in the homes under cover – i.e., the extent to which the same people/processes/design/materials/components are used. Larger sites pose a greater risk, due to the likely degree of commonality in the build process. Likewise, sites built by the same builder, particularly if they are quite close geographically, are more likely to exhibit common defects.

The less diverse the home-building industry is in terms of the homes built and the builders who build them, the greater the risk of a systemic failure.

NHBC is also exposed to large losses from individual developments.

24.4.2 Builder behaviour

For defects reported in years three to ten of the policy term there is no contractual obligation for builders to undertake repairs themselves, but some do voluntarily (e.g., some builders are keen to offer a high level of service to their customers to maintain their reputation as a quality builder).

Among other considerations, comparisons of claim frequencies between current and previously registered (previously registered builders are builders not currently on NHBC's register) builders are used to determine builder behaviour assumptions.

24.4.3 Social inflation

Due to the nature of house building, homes may contain a variety of inherent defects. In most cases these defects will be minor and never result in any damage. However, in the small proportion of cases where there is damage, for a claim to arise, the defect/damage first needs to be identified. The homeowner then needs to report it within the appropriate timescale.

As with many other forms of insurance, the likelihood of defects being discovered and reported has increased through time due to rising homeowner expectations and their greater awareness of the cover – referred to as 'social inflation'.

Estimates of the level of social inflation, present in the historical Section 3 data, act as a guide for determining appropriate future social inflation assumptions.

24.4.4 Economic conditions – cost inflation

NHBC's insurance liabilities are significantly affected by repair cost inflation (e.g., general material and labour cost inflation), due to the long period of cover offered by the insurance product.

Estimates of the level of cost inflation, present in the historical data, act as a guide for determining appropriate future cost inflation assumptions.

24.4.5 Economic conditions – housing market

NHBC is exposed to changes in housing market conditions. When the housing market deteriorates a greater number of builders become insolvent exposing NHBC to more claims. These additional claims arise from the cover offered that is contingent on the builder being insolvent (or not honouring its obligations) or where the builder otherwise would have undertaken voluntary repairs.

24.4.6 Discount rate

Future investment returns are allowed for when assessing the present value of future liabilities. UK GAAP liabilities are discounted using the Bank of England yield curve at the balance sheet date.

24.5 Movements in the gross provision for unearned premiums

The following changes have occurred in the gross provision for unearned premiums during the year:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
At 1 April	**763,381**	717,889	**764,405**	718,832
Increase in provision	**25,090**	45,492	**25,187**	45,573
At 31 March	**788,471**	763,381	**789,592**	764,405

The estimates of earnings profiles for all NHBC products are updated annually. The change in the estimate has resulted in a £3.8m increase (2025: £25.8m increase) in the gross provision for unearned premiums. The change was recognised in the Statement of Comprehensive Income.

24.6 Movements in the gross provision for claims

The reconciliation of opening and closing gross provision for claims is as follows:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
At 1 April	**423,874**	401,270	**423,874**	401,270
Increase/(decrease) in provision	**68,950**	22,604	**68,950**	22,604
At 31 March	**492,824**	423,874	**492,824**	423,874

24.7 Movements in the gross unexpired risk reserve

The reconciliation of opening and closing gross unexpired risk reserve is as follows:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
At 1 April	**25,745**	73,005	**27,337**	74,321
Decrease in provision	**(25,745)**	(47,260)	**(24,679)**	(46,984)
At 31 March	**-**	25,745	**2,658**	27,337

24.8 Loss development tables[1]

The following table illustrates the movements in the claims incurred by financial reporting and development years.

Financial reporting year	Development year																	
£'000	0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16+	Claims incurred in the financial year ended 31 March 2026
Prior	612	8,847	23,703	36,940	52,607	53,092	72,018	73,179	88,871	97,842	103,663	98,330	78,268	72,989	66,019	2,800	16,307	16,307
2011	37	580	3,514	3,320	4,430	4,830	2,671	3,579	4,230	25,086	13,187	2,532	4,511	4,236	(3,901)	5,113		5,113
2012	39	566	2,305	1,809	3,191	2,323	2,526	4,282	25,716	12,675	5,101	9,411	5,574	4,656	21,108			21,108
2013	323	766	1,347	2,320	2,567	2,130	4,880	3,916	5,735	11,440	35,603	(4,315)	4,087	7,340				7,340
2014	89	777	1,355	2,959	2,688	4,329	2,285	3,268	11,485	34,197	10,596	(4,310)	8,880					8,880
2015	13	371	2,423	1,257	2,717	2,529	2,776	2,340	30,221	5,679	6,675	5,410						5,410
2016	-	294	1,396	1,171	1,209	2,640	2,874	10,525	5,214	7,782	7,341							7,341
2017	21	336	906	243	897	1,180	4,213	4,142	5,314	8,630								8,630
2018	1	37	1,789	643	1,239	3,122	2,585	2,686	11,251									11,251
2019	-	267	74	813	2,434	2,861	2,627	5,817										5,817
2020	-	-	219	1,479	1,137	3,412	7,920											7,920
2021	-	14	93	2,331	2,384	12,581												12,581
2022	60	6	212	1,799	8,538													8,538
2023	-	78	1,382	6,973														6,973
2024	-	126	2,725															2,725
2025	-	373																373
2026	1,603																	1,603
																		137,910
Claims handling and other charges																		52,180
																		190,090

[1] NHBC has not included full claims development tables as required by FRS 103 paragraph 4.8. Following the 2017 review of NHBC's reserving methodology and the consequential changes to the accounting policies it has not been practicable to prepare a set of gross and net developments that would fully meet the disclosure requirements of UK GAAP.

25 Reinsurance assets

This note details the reinsurance recoverable on the Group's insurance liabilities.

25.1 Assumptions

The assumptions, including discount rates used for reinsurance contracts, follow those used for insurance contracts. Reinsurance assets are valued net of an allowance for their recoverability.

25.2 Movements in reinsurers' share of provision for unearned premiums

The following changes have occurred in the reinsurers' share of provision for unearned premiums during the year:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
At 1 April	**352,159**	335,447	**352,159**	335,447
Increase/(decrease) in provision	**(25,167)**	16,712	**(25,167)**	16,712
At 31 March	**326,992**	352,159	**326,992**	352,159

The estimates of earnings profiles for all NHBC products are updated annually. The change in the estimate has resulted in a £2.3m decrease (2025: £0.3m increase) in the gross provision for unearned premiums. The change was recognised in the Statement of Comprehensive Income, partially offset by movements in the unexpired risk reserve.

25.3 Movements in reinsurers' share of provision for claims

The following changes have occurred in the reinsurers' share of provision for claims during the year:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
At 1 April	**151,982**	148,528	**151,982**	148,528
Increase/(decrease) in provision	**42,309**	3,454	**42,309**	3,454
At 31 March	**194,291**	151,982	**194,291**	151,982

25.4 Insurance contract sensitivity analysis

This note shows how the consolidated statement of comprehensive income would have been affected if changes in certain risk variables that were possible at the end of the reporting period had occurred.

The following table provides an indication of some of the single factor changes adopted by the Group and the corresponding adverse impact on the insurance liabilities. An increase in the liability is equal to the charge in the consolidated statement of comprehensive income.

		2026		2025	
Assumption	Sensitivity tested	Gross liability	Net liability	Gross liability	Net liability
	%	£m	£m	£m	£m
Increase in claim frequency	+2.0	**-**	**-**	10.2	10.2
Inflation	+1.0	**13.0**	**8.7**	40.1	35.2
Discount rate	-0.25	**2.9**	**2.0**	7.5	6.8

The sensitivity analysis has been derived using the internal reserving model to inform the Group's decision-making process and for identification and management of risks within the business.

The above analyses are based on a change in an assumption, while holding all other assumptions constant, and assume that no management action is taken. In practice this is unlikely to occur and changes in some of the assumptions may be correlated.

The analysis has not considered the impact of the above changes on the valuation of the Group's assets and liabilities other than insurance assets and liabilities. The above analysis is presented gross of the corresponding tax credits or charges.

Sensitivities relating to cladding and fire-stopping related claims are as follows:

- 10% increase in average claims cost/claims frequency will result in £8.2m increase in net insurance liabilities (2025: £8.4m increase).

The change in the liability is equal to the charge in the consolidated statement of comprehensive income.

26 Creditors

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Creditors arising out of direct insurance operations				
Trade creditors	**7,939**	6,573	**7,939**	6,573
Builder deposits	**44,084**	32,970	**44,084**	32,970
	52,023	39,543	**52,023**	39,543
Other creditors				
Trade creditors	**2,093**	3,229	**2,093**	3,229
Amount due to subsidiary undertakings	**-**	-	**21,073**	22,841
Corporation tax	**-**	-	**-**	-
Other taxation and social security	**8,090**	8,685	**6,548**	7,097
Derivative financial instruments	**6,761**	6,954	**6,761**	6,954
Other creditors	**5,334**	3,666	**4,912**	3,527
	22,278	22,534	**41,387**	43,648

Amounts due to subsidiary undertakings are unsecured, have no fixed date of repayment and are repayable on demand. Interest is accrued with reference to Bank of England base rate.

Builder deposits are deposited with the Group as surety by registered customers.

27 Post-employment benefits

The Group operates two pension schemes for its employees, a defined benefit pension scheme (the Scheme) and a defined contribution pension scheme. The amount recognised in the consolidated statement of financial position is as follows:

		2026	2025
	Note	**£'000**	£'000
Defined benefit pension scheme	27.1		
Total market value of Scheme assets		**159,310**	164,221
Present value of Scheme liabilities		**(153,664)**	(152,560)
Surplus in the Scheme		**5,646**	11,661

The amount recognised in the consolidated statement of comprehensive income is as follows:

		2026	2025
	Note	**£'000**	£'000
Defined benefit pension scheme	27.1		
Interest income		**(9,176)**	(8,213)
Interest expense		**8,506**	8,108
		(670)	(105)
Defined contribution pension scheme	27.2	**14,999**	13,424
		14,329	13,319

No current service cost is recognised as the Scheme was closed to future accrual with effect from 31 March 2014.

The amount recognised in the consolidated statement of comprehensive income is as follows:

		2026	2025
	Note	**£'000**	£'000
Defined benefit pension scheme	27.1		
Experience loss on assets		**(4,691)**	(15,973)
Actuarial gains on liabilities		**805**	16,739
Experience gains/(loss) on liabilities		**(2,799)**	952
		(6,685)	1,718

27.1 Defined benefit pension scheme

For certain employees, the Group operates a UK defined benefit pension scheme whereby benefits are determined with reference to an employee's salary. This defined benefit scheme exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. The pension expense charged to the statement of comprehensive income makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are instead recognised in other comprehensive income in the year that they occur. The funding requirements of the Scheme are based on a separate actuarial valuation for funding purposes for which the assumptions differ from the assumptions disclosed below. The last valuation was performed on 31 March 2023. In order to value the defined benefit obligation at 31 March 2026, the results of the valuation were updated in an approximate manner by a qualified actuary. Contributions to the Scheme are assessed in accordance with the advice of qualified actuaries. The Group made no contributions into the Scheme during the year ended 31 March 2026. The measurement of the defined benefit obligation includes no allowance for any future discretionary increases to pensions in payment.

27.1.1 Principal financial assumptions

A comprehensive actuarial valuation of the Scheme, using the projected unit credit method, was carried out at 31 March 2023 by Willis Towers Watson, independent consulting actuaries. Adjustments to the valuation at that date have been made based on the following assumptions:

	2026	2025
	%	%
Consumer price inflation	**3.00**	2.40
Retail price inflation	**3.35**	3.20
Rate of increases (normally indexed)	**3.75**	3.55
Rate of increase (normally fixed)	**3.25**	3.25
Discount rate	**6.05**	5.75

The average remaining life expectancy for a male and female aged 65 as at 31 March 2026 are 23.0 (2025: 22.5) years and 24.9 (2025: 24.7) years, respectively.

27.1.2 Reconciliation of Scheme assets and liabilities

	Assets	**Liabilities**	**Total**
	£'000	**£'000**	**£'000**
At 1 April 2025	164,221	(152,560)	11,661
Interest income / (expense)	9,176	(8,506)	670
Benefits paid	(9,396)	9,396	-
Actuarial gain on change of assumptions	-	805	805
Experience loss on liabilities	-	(1,510)	(1,510)
Change in demographic assumptions	-	(1,519)	(1,519)
Company contributions	(230)	230	-
Return on plan assets excluding interest income	(4,461)	-	(4,461)
At 31 March 2026	**159,310**	**(153,664)**	**5,646**

27.1.3 Total cost recognised as an expense

	2026	2025
	%	%
Interest expense	**8,506**	8,108

27.1.4 Fair value of Scheme assets

	2026	2025
	£'000	£'000
Liability driven investments	**153,374**	57,339
Private market investments	**-**	10,251
Corporate debt instruments	**-**	13,141
Diversified Credit Fund	**-**	64,183
Other and cash and cash equivalents	**5,936**	19,307
	159,310	164,221

There are no amounts included in the fair value of the Scheme assets that consist of NHBC's own financial instruments or any property occupied, or assets used, by NHBC.

27.1.5 Return on plan assets

	2026	2025
	£'000	£'000
Interest income	**9,176**	8,213
Return on plan assets excluding interest income	**(4,461)**	(15,751)
	4,715	(7,538)

The return on plan assets is recognised in other comprehensive income in the consolidated statement of comprehensive income..

27.1.6 Deficit funding contributions

In order to meet the funding deficit, the Group has agreed a funding plan with the Pension Trustee. Under the current schedule of contributions NHBC is due to make a £4m of contribution by 31 March 2027.

Nothing in the agreement precludes the Group from making payments of higher contributions or from making payments earlier than scheduled.

27.2 Defined contribution pension scheme

The Group operated a stakeholder defined contribution pension scheme during the year. The amount recognised as an expense for the defined contribution scheme was:

	2026	2025
	£'000	£'000
Current period contributions	**14,999**	13,424

At 31 March 2026 contributions of £Nil (2025: £Nil) were outstanding.

28 Fair value methodology

28.1 Basis for determining the fair value hierarchy

The fair value of financial instruments has been estimated using the following fair value hierarchy:

Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 are observable (i.e., developed using market data) for the asset or liability, either directly or indirectly.

Level 3 – Inputs are unobservable (i.e., for which market data is unavailable) for the asset or liability.

When using alternative valuation methods to value Level 3 financial instruments, the Group relies as little as possible on Group-specific inputs and makes maximum use of relevant market inputs including the following:

- quoted prices for identical or similar assets or liabilities in markets that are not active
- inputs other than quoted prices that are observable for the asset or liability, including interest rates and yield curves observable at commonly quoted intervals, implied volatilities and credit spreads
- market-corroborated inputs, which may not be directly observable, but are based on or supported by observable market data.

Valuation methods that the Group employs typically include:

- market approach which uses prices and other relevant information generated by market transactions involving identical or similar assets, liabilities or groups of assets and liabilities
- income approach which converts future amounts, such as cash flows, income or expenses, to a single current amount
- cost approach, or current replacement cost approach, which reflects the amount that would be required currently to replace the service capacity of an asset.

There were no transfers between levels from prior year.

28.2 Fair value hierarchy analysis

The table below presents the analysis of the Group's assets and liabilities that have been measured at fair value by the fair value hierarchy at 31 March 2026. The table excludes the defined benefit pension scheme surplus and insurance and reinsurance contracts.

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
Assets at fair value					
Land and buildings	17	**-**	**-**	**7,710**	**7,710**
Other financial investments		**1,453,303**	**120,012**	**51,008**	**1,624,323**
		1,453,303	**120,012**	**58,718**	**1,632,033**
Liabilities at fair value					
Derivative financial instruments		**-**	**(6,761)**	**-**	**(6,761)**

The table below presents the analysis of the Group's assets and liabilities that have been measured at fair value by the fair value hierarchy at 31 March 2025. The table excludes the defined benefit pension scheme deficit and insurance and reinsurance contracts.

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000 Restated	£'000 Restated	£'000
Assets at fair value					
Land and buildings	17	-	-	8,522	8,522
Other financial investments		1,371,017	102,331	60,544	1,533,892
		1,371,017	102,331	69,066	1,542,414
Liabilities at fair value					
Derivative financial instruments		-	(6,954)	-	(6,954)

The table below presents the analysis of the Company's assets and liabilities that have been measured at fair value by the fair value hierarchy at 31 March 2026. The table excludes the defined benefit pension scheme deficit and insurance and reinsurance contracts.

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000	£'000	£'000
Assets at fair value					
Land and buildings	17	**-**	**-**	**7,710**	**7,710**
Investments in group undertakings and participating interests		**-**	**-**	**8,389**	**8,389**
Other financial investments		**1,453,303**	**120,012**	**51,008**	**1,624,323**
		1,453,303	**120,012**	**67,107**	**1,640,422**
Liabilities at fair value					
Derivative financial instruments		**-**	**(6,761)**	**-**	**(6,761)**

The table below presents the analysis of the Company's assets and liabilities that have been measured at fair value by the fair value hierarchy at 31 March 2025. The table excludes the defined benefit pension scheme deficit and insurance and reinsurance contracts.

		Level 1	Level 2	Level 3	Total
	Note	£'000	£'000 Restated	£'000 Restated	£'000
Assets at fair value					
Land and buildings	17	-	-	8,522	8,522
Investments in group undertakings and participating interests		-	-	11,310	11,310
Other financial investments		1,371,017	102,331	60,544	1,533,892
		1,371,017	102,331	80,376	1,553,724
Liabilities at fair value					
Derivative financial instruments		**-**	**(6,954)**	**-**	**(6,954)**

For both the Group and Company, the prior year comparatives for other financial investments have been represented from Level 2 to Level 3 to align with the classification of the underlying investments. This amounted to £26.9m.

Details of the Group and the Company's insurance and reinsurance contracts are disclosed on page 76. Details of the Group and the Company's defined benefit pension scheme are disclosed on page 84.

29 Financial instruments

The table below presents the Group and the Company's financial instruments, excluding insurance and reinsurance contracts. Details of the Group and the Company's insurance and reinsurance contracts are disclosed on page 76.

		Group		Company	
		2026	2025	**2026**	2025
	Note	**£'000**	£'000	**£'000**	£'000
Financial assets at fair value[2]					
Index-linked gilts		**323,122**	206,869	**323,122**	206,869
Supranational bonds		**91,178**	74,006	**91,178**	74,006
Overseas government bonds		**12,733**	11,881	**12,733**	11,881
Corporate bonds		**838,279**	841,511	**838,279**	841,511
UK treasury bills and short-term deposits		**111,067**	168,262	**111,067**	168,262
Illiquid credit and private equity funds		**230,150**	208,275	**230,150**	208,275
Loans and debentures		**2,069**	-	**2,069**	-
Derivative financial instruments		**5,354**	13,032	**5,354**	13,032
		1,613,952	1,523,836	**1,613,952**	1,523,836
Financial assets that are debt instruments measured at amortised cost					
Trade debtors	19	**19,774**	13,479	**17,064**	11,355
Other debtors	19	**8,101**	8,249	**9,444**	8,252
Deposits with credit institutions		**10,371**	10,056	**10,371**	10,056
Cash at bank		**41,749**	59,884	**41,367**	59,554
		79,995	91,668	**78,246**	89,217
Financial liabilities measured at fair value					
Derivative financial instruments	26	**6,761**	6,954	**6,761**	6,954
Financial liabilities measured at amortised cost					
Trade creditors	26	**10,032**	9,802	**10,032**	9,802
Other creditors	26	**57,508**	45,321	**55,544**	43,594
Amounts owed to group undertakings	26	**-**	-	**21,073**	22,841
		67,540	55,123	**86,649**	76,237

[2] All debt securities and shares held are listed on a recognised investment exchange and are actively traded. The quoted price is the bid price. Stated before accrued interest.

29.1 Derivative financial instruments

During the financial year, the Group entered into forward currency contracts and interest rate swaps to mitigate certain equity and bond risks. The Group also entered into inflation swaps to mitigate certain insurance liability risks. At 31 March 2026 the Group and Company held the following unexpired derivatives:

	2026			2025		
	Notional value	**Asset**	**Liability**	Notional value	Asset	Liability
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Currency forwards	**221,132**	**75**	**(4,995)**	257,055	1,940	(149)
Interest rate swaps/futures	**-**	**-**	**-**	456,104	7,282	(3,452)
Inflation swaps	**405,873**	**5,279**	**(1,766)**	167,595	3,809	(3,353)
		5,354	**(6,761)**		13,031	(6,954)

30 Note to the statement of cash flows

The table below presents the Group's net cash flow from operating activities, excluding interest received, reconciled to the profit reported in the consolidated statement of comprehensive income.

	2026	2025
	%	%
Profit for the financial year	**21,526**	81,360
Tax on profit on ordinary activities	**9,045**	8,062
Profit on ordinary activities before tax	**30,571**	89,422
Depreciation and decrease in value of assets	**806**	689
Increase in revaluation reserve	**684**	430
Increase in Technical Provisions	**51,153**	754
Realised gains on investments and fixed assets	**(19,505)**	811
Increase in unrealised gains on investments	**(8,584)**	(15,905)
(Increase) / decrease in insurance debtors	**(7,526)**	(1,234)
Decrease / (increase) in other debtors	**(2,078)**	(350)
Increase in prepayments and accrued income	**261**	(8,310)
Increase in insurance creditors	**12,480**	1,605
Increase / (decrease) in other creditors	**(64)**	4,346
Increase / (decrease) in accruals and deferred income	**(5,854)**	19,413
Differences on recognition of defined benefit pension scheme	**(670)**	(8,105)
Interest received	**(47,503)**	(43,676)
Payments to acquire investments	**(3,237,577)**	(3,534,305)
Receipts from disposal of investments	**3,118,451**	3,451,551
Net cash flow from operating activities before interest received	**(114,955)**	(42,864)

31 Provisions for other liabilities

The Group and the Company have no provisions for other liabilities that have not been disclosed elsewhere in the financial statements.

32 Contingent liabilities

The Group and the Company have no material contingent liabilities to disclose..

33 Capital and other commitments

At 31 March 2025, the Group has committed to a deficit repair plan in respect to its defined benefit pension scheme. The particulars of the arrangement are outlined in Note 27.1.6 - Deficit funding contributions. The Group and the Company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	Group		Company	
	2026	2025	**2026**	2025
	£'000	£'000	**£'000**	£'000
Within one year	**4,348**	3,629	**4,325**	3,607
Between one and five years	**5,010**	4,883	**4,984**	4,839
Over five years	**4**	-	**-**	-
	9,362	8,512	**9,309**	8,447

The Group and the Company lease arrangements principally related to property and motor vehicles.

The Group and the Company did not have any contracts under a finance lease arrangement39In the financial year, NHBC has committed, as part of a subscription agreement, to invest into further private investment funds. Outstanding commitment at 31 March 2026 was £20.0m (2025: £38.6m). The commitment is payable on demand.

34 Related party transactions

Transactions between subsidiaries, which are related parties, have been eliminated on consolidation, as have transactions between the Company and its subsidiaries during the financial year.

Some of NHBC's directors are also directors of some of NHBC's customers, suppliers and industry partners. NHBC trades in the normal course of business with all these parties and material transactions with related parties are disclosed below.

NHBC has a joint venture with MD Insurance Services Limited under the name of Consumer Code for Home Builders Limited (CCHB). CCHB operates a code providing protection and rights to purchasers of new homes. The table below presents transactions with the CCHB.

	2026	2025
	£'000	£'000
Contributions to CCHB	**278**	243

See Note 14 and directors' remuneration report for disclosure of the directors' remuneration.

35 Reserves

For the Group and the Company, retained earnings include all current and prior period retained profits and losses. The Group revaluation reserve comprises of movements arising on the revaluation of land and buildings. The Company revaluation reserve comprises of movements arising on the revaluation of land and buildings and the investment in subsidiary companies.

36 Liability of members

At 31 March 2026, there were 51 (2025: 53) members of the Council. Under the Articles of Association, the liability of each of the members is limited by guarantee to a maximum of £1.

Meanings of key words and phrases

Certain words, abbreviations or phrases used throughout this document have a specific meaning, as summarised below.

attritional losses	Claims less than £1m in value
builder, customer, builder customer, registered customers, registered builders	The person, firm or company who is responsible for building a home
Buildmark	The protection NHBC and the builder provide for a home
claim outstanding	The amounts provided to cover the estimated ultimate cost of settling claims arising out of events which have occurred by the reporting date, including incurred but not reported claims and claims handling expenses, less amounts already paid in respect of those claims
claims handling	The administrative cost of processing a claim (such as salary costs, costs of running claims centres, allocated share of the overhead costs) which are separate to the cost of settling the claim itself with the homeowner
consumer, homeowner, policyholder	The person (or people) who entered into the contract for a home, or any person (or people) who take over the freehold, commonhold or leasehold title of the property, or, where this applies, any mortgage provider who has taken possession of a home
deferred acquisition costs	Costs arising from the conclusion of insurance contracts that are incurred during a reporting period, but which relate to a subsequent reporting period
exceptional losses	Claims over £20m in value
FCA	Financial Conduct Authority. The regulatory authority with responsibility for the conduct of the UK financial services industry
gross written premium	Total revenue generated through sale of insurance products before considering reinsurance and is stated irrespective of whether payment has been received
large losses	Claims between £1m and £20m in value
net earned premium	The proportion of premium written, net of the cost of associated reinsurance, which represents the consideration charged to homeowners for providing insurance cover during the reporting period
net incurred claims	The total claims cost incurred in the period less any share that is borne by reinsurers. It includes both claim payments and movements in claims reserves and claims handling expenses in the period
net written premium	Premium written or processed in the period, irrespective of whether it has been paid, less the amount shared with reinsurers
NHBC, the Company	National House-Building Council. The ultimate parent entity of the Group
non-technical account	Non-insurance activities
operating profit	Profit before tax less investment return allocated to the non-technical account
PRA	Prudential Regulation Authority. The regulatory authority with responsibility for the prudential regulation and supervision of the UK financial services industry
reinsurance	The practice whereby part or all the risk accepted is transferred to another insurer (the reinsurer)

Solvency II	A Directive in European Union law that codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency.
technical account	Insurance activities
unearned premium	The portion of a premium that relates to future periods, for which protection has not yet been provided, irrespective of whether the premium has been paid or not
unearned premiums provision or provision for unearned premium	The proportion of written premiums relating to periods of risk after reporting date, which are deferred to subsequent reporting periods
unexpired risks provision or unexpired risk reserve	The excess of the estimated value of claims and expenses likely to arise after the end of the reporting period from contracts concluded before that date, insofar as their estimated value exceeds the provision for unearned premiums (after deduction of any acquisition costs deferred), and any premiums receivable under those contracts
yield	Rate of return on an investment in percentage terms

NHBC

NHBC, NHBC House, Davy Avenue, Knowlhill, Milton Keynes, Bucks MK5 8FP
0344 633 1000 nhbc.co.uk

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