Half-Yearly Financial Report 2025

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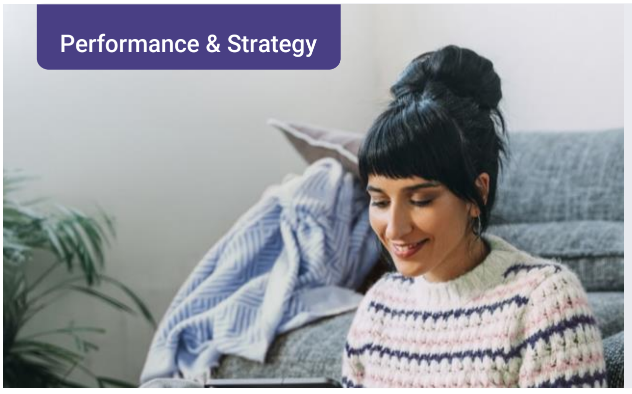

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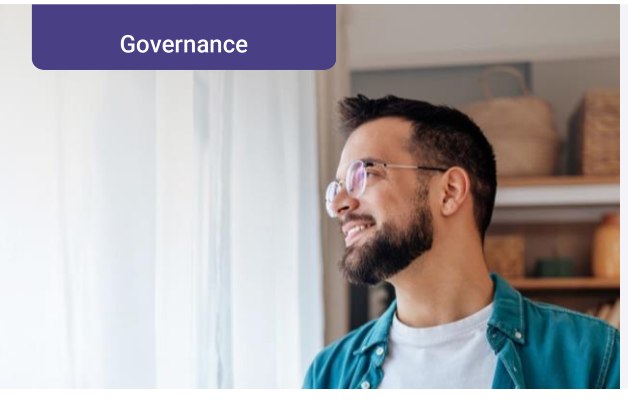


Financial Statements

Forward-looking statements

This half-yearly financial report may contain forward-looking statements based on current expectations of, and assumptions and forecasts made by, Group management. Various known and unknown risks, uncertainties and other factors including, but not limited to: changes in general economic and business conditions in the UK, including uncertainty around the impact of any changes to existing or new Government policy; and internationally, with continuing geopolitical tensions and conflicts; while operational risk events such as a cyber-attack or national infrastructure failure, natural disasters or other widespread emergencies, and similar contingencies outside the Group's control, could lead to substantial differences between the actual future results, financial situation, development or performance of the Group and the estimates and historical results given herein. Undue reliance should not be placed on forward-looking statements which apply only as of the date of this document.

The Group accepts no obligation to publicly revise or update these forward-looking statements or adjust them for future events or developments, whether as a result of new information, future events or otherwise, except to the extent legally required.

Performance & Strategy

Group Chief Executive's Review

"I am delighted to share details of our strong business performance in the first half of 2025. We are growing faster than the market, supporting our members and customers with quality products and services, maintaining strong capital growth and delivering against our purpose through innovation and challenging the status quo."

Stuart Haire,
Skipton Group CEO

Our Group purpose is to help people have a home, save for life ahead and support long term financial wellbeing. It remains as relevant today as it was in 1853 when the Society was founded. We are a highly successful UK-based mutual organisation which specialises in the UK Housing Market, Savings and Regulated Advice.

The Group is made up of a number of specialist businesses. At the heart of the Group are: Homes, Money and Connells.

The **Homes** business (Society) focuses on helping people finance and have a home - with a specific focus on helping unlock the housing market for first time buyers.

The **Money** business (Society) includes retail savings and Regulated Advice which helps its members and customers plan for their future whilst helping the Society to differentiate itself from other high street providers.

Connells is the largest estate agency in the UK, and additionally incorporates lettings, and a property servicing business. Together with the Homes business, Connells spans the end-to-end mortgage value chain.

Collectively, our businesses generate healthy profits to reinvest into our members and customers.

In addition, the Group has a portfolio of businesses which include Skipton International (offshore lending), Skipton Business Finance (invoice financing), and Jade (innovative New Zealand-based AI-software company, and the core IT platform).

We have three strategic priorities, which are:

Helping people have a home: providing finance to help those trying to get onto the housing ladder and enabling the purchase or letting of a home.

Making money work harder: ensuring our members receive above market average interest rates for their savings and have access to free financial advice to help them plan their financial futures.

Making membership matter: enabling members to see and feel the value of Skipton membership.

Against an uncertain economic backdrop, we continue to collectively deliver against our strategic priorities. We are leveraging the unique power of our Group - to better support our members in achieving their long-term financial wellbeing, either through our direct product offerings, or through pushing for changes in UK financial services to address societal issues important to our members.

Group Chief Executive's Review (continued)

Performance

Homes business

Our commitment to making home ownership a reality has contributed to our Homes business supporting 12,322 first time buyers in the first six months to June 2025 (June 2024: 9,756), and our proportion of new lending to first time buyers increased to 50% (June 2024: 43%). Overall, our Group mortgage book grew by 6.9% year-on-year to £32.2bn (June 2024: £30.1bn), increasing our market share to 1.87%.

With almost 90% of potential first time buyers across the UK unable to afford to buy a home in their local area, we have taken steps to break down the barriers which they face:

- Enhanced our affordability policy to include up to 5.5x loan-to-income (LTI) ratio for borrowers, improving their chances of securing that first mortgage.
- Launched a market leading Delayed Start Mortgage - exclusively for first time buyers with no repayments due for the first three months to help with the initial costs of moving into their new home. It has already received excellent feedback from brokers and borrowers, and in the first month alone we received 151 applications, totalling £32m in value. Since launching this product in May 2025, this equated to a total 247 applications with a value of £52m.

We are proud that these efforts across our Homes business have been recognised by the Treasury Select Committee, acknowledging our unwavering support to champion first time buyers.

50% New lending to first time buyers

(June 2024: 43%*)
restated calculation in line with amended bases

Money business

Similarly, for our Money business, we are pleased to report further growth in the members and customers that we serve, with over a million members trusting us with their savings and investments (June 2025: 1,025,459, June 2024: 1,005,249), as we continue to meet their evolving needs.

1,025k Savers and investors

(June 2024: 1,005k)

Our Society savings book remained strong, with growth of 6.9% year-on-year (June 2024: 16.6%), bringing our total book to £29.5bn (June 2024: £27.6bn), and increasing our market share to 1.38% of savings balances.

We provided new products to the market including our first Quadruple Access ISA, and a 7-year fixed rate bond, which ensure members get the right balance of flexibility and returns on their money.

To reward the loyalty of our members, we opened c.49,000 new member exclusive savings accounts to enable them to benefit from enhanced rates. Our commitment to providing above market average savings rates mean we have given our members an extra £78.1m in interest so far this year (May 2024: £80.1m). Our average savings rate to May 2025 of 3.83%, remains well above the CACI market average of 3.16%.

0.67% Above market average rate

(May 2024: 0.74%)

We remain committed to supporting our members achieve their goals - whether that's planning for their retirement, looking at options for wealth transfer, or accessing free Regulated Advice. As the only building society to provide Regulated Advice directly to customers, we continue to innovate to improve our offering. In the first six months to June we have:

- Lobbied the UK Government to reconsider their proposals to reduce the Cash ISA limit, which would impact both our savers and borrowers.
- Brought together savings and Regulated Advice so that we can continue to help more of our members make financial choices that support their long-term financial wellbeing.

Group Chief Executive's Review (continued)

- Continued to offer free advice conversations to all our members, helping remove financial barriers that prevent people accessing advice. Our members have reacted positively, and in the first six months of the year we conducted 45,228 advice conversations – 188% more than June 2024.
- Launched free advice on investing in a Stocks and Shares ISA to help members with their 2025 ISA allowance.

45,228 Regulated and Non-regulated Advice conversations

(June 2024: 15,654)

Diversified Skipton Group

We continue to support more people in the UK to buy and sell homes through Connells as the market leader within the estate agency sector.

Connells saw a strong start to the year, with EBITDA up 27%, compared to June 2024. Stamp Duty changes at the end of March led to an increased pipeline conversion early in the year, with buyers and vendors pressing for completion. As a result, March 2025 was a record-breaking month with exchanges 87% higher than March 2024, which mirrored the outstanding month we also saw in our Homes business for record breaking completions on mortgages at £928.8m (March 2024: £519.1m).

Whilst the market inevitably saw fewer exchanges in April and May, we report more people are looking to move home than in 2024. The number of properties placed on the market through Connells increased by 5% compared to June 2024 and the number of properties on which Connells exchanged contracts was 17% higher compared to June 2024.

Across the rental market, demand also remains high, and our rental supply ended June 2025 with 13% more properties available to rent than at June 2024, and 128,652 properties under management.

128,652 Properties under management

(June 2024: 127,090)

We continue to see demand for buy-to let investments across the UK from landlords. New instructions in the first quarter were the highest generated within a first quarter since 2020.

The average tenancy length was 30 months, unchanged from December 2024 and the number of rental properties in arrears represents 4.29% (June 2024: 4.92%) of tenancies managed at June 2025.

With our ambition to support more people have a home, we have further strengthened Connells by adding nine new acquisitions to its network in the last six months, including Aspire which is a successful London based estate agency business and includes a portfolio of both sales and lettings across five branches. Additionally, we have further strengthened our Lambert Smith Hampton businesses through two important acquisitions.

Investment

Technology and systems

As well as delivering new products, we have continued to invest in our technology capability across our businesses to support excellent service.

For members who choose to engage online, we launched a new website, and continue to rebuild our mobile app and portal, enabling members to have greater and simpler self-service capability. As part of this, and responding to member feedback, we are enhancing our authentication processes allowing members to use these services faster.

Colleagues across our branches and contact centres will benefit from the investments we have made in telephony, webchat and customer authentication, which are streamlining the processes supporting members.

For our borrowers and brokers, we have launched improvements to broker product transfer journeys and offered paperless switches for those that want to interact with us digitally. This has contributed to continuing to offer excellent broker and customer experiences and processing efficiency, resulting in an average of 108 mortgage offers now offered within a 24-hour period (June 2024: 98).

We will continue to build on the investments we have made in technology - improving member interactions when they speak to us, and delivering enhanced functionality for self-service - using member feedback to help us prioritise.

Group Chief Executive's Review (continued)

Whilst we continue to invest in technology, we also recognise the importance of our branch network and have continued to invest in a refurbishment programme.

Customer and broker satisfaction

Our commitment to servicing our members and brokers continues to be a key priority, and is reflected in the excellent satisfaction scores across our businesses. Satisfaction is the percentage of members surveyed that scored satisfaction as 5, 6 or 7 minus those scoring 1, 2 or 3, on a scale of 1-7.

For the Money business, our member satisfaction levels remained high at 89% (June 2024: 90%), reflecting the dedication and expertise of our front-line colleagues, across our servicing channels.

89% Net Money customer satisfaction

(June 2024: 90%)

In March 2025, we strengthened our partnership proposition to provide members with the products that they tell us are most important to them - offering members discounted home insurance through Uinsure, which has saved an average c.£50 on their new premium.

As we implemented innovative products and enhanced journeys, our Homes business borrower satisfaction remained excellent at 92% (June 2024: 91%) borrower satisfaction.

Amongst brokers, Skipton are positioned as a key source of market insight, providing industry and market news alongside podcasts and webinars. This has contributed to Skipton being placed fourth for intermediary brand image in the BDRC Mercury Project Report for Q1 2025, and the excellent broker satisfaction received to date.

92% Borrower satisfaction

(June 2024: 91%)

Our broker satisfaction score mirrors that of our borrowers at 92% (June 2024: 91%). Satisfaction is measured by the percentage of brokers surveyed that scored satisfaction of 6 or 7 on a scale of 1-7.

Similar to the Homes and Money businesses, Skipton International are investing in digital onboarding, customer journeys and process enhancements which will ensure that customers continue to receive excellent customer service as their needs evolve.

Skipton International (SIL) provides a winning combination of best interest rates and personal service for offshore savings accounts, consistently being recognised at the Moneyfacts Consumer Awards as the Offshore Account Provider of the Year. The award-winning service is supported by customer feedback which provides excellent Feefo scores of 4.6/5.

4.6/5.0 Skipton International Feefo score

(June 2024: N/A)

Across our Group businesses, we continue to invest in our core infrastructure to support our operations.

People and talent

Across the Group we made key talent hires, creating further strength and diversity in our Executive and Leadership teams. We are committed to developing our people - providing opportunities and retaining skillsets and knowledge across our businesses.

Our new technology investments have enabled us to obtain more detailed colleague feedback, with 86% of colleagues participating in the first quarterly survey – sharing their ideas on how we can make their experience even better. We also embedded a new platform to support leaders and colleagues with people services, training and access to colleague benefits.

As we continue to grow, we will evolve our Employee Value Proposition, ensuring Skipton Group continues to be a diverse and inclusive place to work for both existing and prospective colleagues.

Group Chief Executive's Review (continued)

Making Membership Matter

Our investment in service goes further than technology. Our members tell us that to Make Membership Matter, we must offer great value, give them a voice in the running of their Society and support the communities, charities and causes that are important to them – and that is what we do. In the first six months of the year we have provided over 68,000 relationship surveys to our members, to obtain their feedback on how well we are serving their needs.

April marked the relaunch of our Society brand, highlighting our continuing commitment to be "Founded on Fairness", which is at the heart of our member-owned Society. Our brand positioning is based on research from our current and prospective members, as well as our colleagues – helping bring our brand to life, which will attract the next generation of members. Our multi-channel campaign has been broadcast via TV, radio and digital platforms, improving our brand consideration and awareness of the Society when looking to take another product.

Member value

We have invested in delivering initiatives that have given value back to our members, through member exclusive products and gestures of goodwill – which include gifts and vouchers.

Our colleagues are empowered to surprise and delight members in the moments that matter to them, and so far this year have distributed over 10,000 of these gestures of goodwill. These are split across interactions when directly liaising with members over the telephone and in branches, or sending Home Mover boxes when members complete on a new home purchase. These gestures demonstrate our human connection when it matters the most, with excellent member feedback at those key life moments.

10,000+ Gestures of goodwill to members

(June 2024: 18.3k)

Member participation

We invite member participation in the decisions we make - from AGM voting, the products and services we design, to the community and charitable causes we support.

Our growing panel of 23.4k members (June 2024: 18.3k) actively take part in research, helping us to ensure that their needs are considered as we explore new initiatives.

23.4k Members on our Customer Panel

(June 2024: 18.3k)

Over 60,000 members voted at our 2025 AGM, and over 43,000 members specifically voted on our 2025 charity partner - with the majority voting to support Refuge. The support for Refuge will sit alongside our existing partnerships with National Energy Action (NEA), Age UK, and colleague and community schemes.

Driving purposeful change

Across the Group, we are utilising our unique insights and data to drive meaningful, societal change.

Home Affordability Index

Our Skipton Group Home Affordability Index enables us to share this unique data with government officials and policy makers, and to advocate for change in the housing market. As we published the second iteration in February, we have led on three key policy asks in the last six months:

- Raise the maximum Loan to Income (LTI) limit for building societies to allow more than 15% of lending to be made at, or greater, than 4.5 times LTI.
- Increase the threshold of the Lifetime ISA for the purchase of a first property to a minimum of £500,000.
- Reviewing the Stamp Duty threshold for first time buyers.

Retrofitting

In 2024 we completed our very own retrofitting activity at a property in Skipton - one of 14.3 million properties in the UK requiring an energy efficiency upgrade as part of the Governments 2050 net zero target. Using our Group companies, industry experts and Leeds universities, we worked to fully understand what retrofitting involved. The result of this activity improved the property from being an Energy Performance Certificate (EPC) 'D' to a 'B'.

Group Chief Executive's Review (continued)

To document our journey, we published our Big Retrofit Report in June this year, detailing our experience to support more members with their own journey. In our report, we have made four key recommendations for Government which we have begun to advocate for:

- Reaffirm the UK's net zero commitment to give homeowners confidence that their investments align with national goals;
- Clarify what's expected of homeowners so people can plan, budget and act with certainty;
- Extend 0% VAT on energy-saving measures and make grant funding easier to access and understand; and
- Lower electricity costs to encourage the shift to electrified heating.

We will use our findings to support members with products and services that help support retrofitting activities of their own, raising awareness at a national level of barriers to affordable, sustainable housing.

We will continue to build insight, raise awareness and campaign for issues across our sectors throughout the remainder of 2025.

Conclusion and outlook

The first half of the year has yet again shown strong performance, which sets us up for further success in the second half of the year. This performance has seen us grow our market share in both savings and mortgages to 1.38% and 1.87% respectively.

None of what we have achieved would be possible without our people. I would like to take this opportunity to thank each and every one of my colleagues across the Group for their dedication, drive and unwavering focus on delivering for our members.

We will continue to find new ways to use our collective Group insights to drive meaningful change and innovation across the UK on socially important matters.

As the government continues to advocate for increasing the growth, relevance and development of the mutual sector, we are ready to share the benefits that membership brings with more people across the UK.

S Haire

Stuart Haire,
Group Chief Executive
31 July 2025

Our commitment to our members and customers has been recognised through:

Helping People Have a Home

Just Mortgages Awards

- Best Lender for Outstanding Service and Support (Best Broker Support)

Simply Biz Mortgage Club Awards

- 'Future Focus Thinking Bigger' (Product Innovation)

Feefo

- Platinum Award 2025 (Connells)

The Mortgage Awards 2025

- Best Buy-to-Let Broker (Dynamo, Connells)

Moneyfacts Consumer Awards

- Best Customer Service from a Mortgage Provider

Making Money Work Harder

Money Comms Awards

- Best Regular Savings Provider (Society)
- Best Building Society Savings Provider

YourMoney.com Personal Finance Awards

- Best Junior ISA Provider (Society)

Moneynet.co.uk Awards 2025

- Best Building Society Savings Provider

Moneyfacts Consumer Awards

- Offshore Account Provider of the Year (SIL)

Financial Review

"Skipton Group has continued to strengthen its position in the first half of 2025, with solid balance sheet growth and robust profitability.

Whilst we saw a short-term boost in lending activity ahead of the Stamp Duty deadline, our results also reflect the resilience of our business model and the trust our members place in us. As we look ahead, we remain focused on managing costs carefully, maintaining our capital strength, and continuing to invest in services that deliver long-term value for our members."

Paul Chambers, Skipton Group CFO

The Group has again delivered strong financial performance in the first half of the year, underpinned by continued balance sheet growth, strong profitability, and a stable capital position. Against a backdrop of shifting economic dynamics and post-election political change, the Group has maintained its focus on delivering long-term value for members while supporting a growing demand for mortgages and competitive savings products.

Economic conditions in the UK have remained uncertain in the first half of 2025, with the introduction of new tariffs in the US and increased conflict in Ukraine and the Middle East adding volatility to financial markets.

Housing market activity has strengthened modestly, shaped in part by the anticipated changes to Stamp Duty thresholds, with many buyers bringing forward transactions to complete before the deadline at the end of March. This created a short-term uplift in transaction volumes in Connells and record completions in our Homes business. A competitive ISA season also boosted savings balances, with savers continuing to prioritise value and security.

Group financial performance

Group profit before tax for the period remained strong, albeit down on last year. Income growth, supported by improved housing market activity, boosting estate agency income and mortgage lending volumes, and continued demand for competitive savings products, was offset by a higher cost base. Rising staff costs and increased marketing spend, together with a higher impairment charge, have impacted upon profits.

£135.1m Group profit before tax

(Six months ended 30 June 2024: £157.0m)

While the Base Rate of interest was cut twice in the period, first in February and again in May, reducing from 4.75% to 4.25%, we have narrowly increased net interest margin. Net interest benefited from favourable cost of funding, tempered somewhat by a more competitive mortgage market.

1.30% Group net interest margin

(Six months ended 30 June 2024: 1.27%)

Financial Review (continued)

The Society remained resilient delivering a first half profit before tax (PBT) of £101.0m (six months ended 30 June 2024: £113.0m). While underlying net interest margin has performed well compared to last year, our investment in the Society (people, brand and technology) as well as increases to our loan impairment, has ultimately resulted in a lower year-on-year PBT position.

SIL reported a profit of £6.8m (six months ended 30 June 2024: £18.2m). The reduction in SIL PBT was anticipated with the business purposefully slowing growth to continue its transition to better support customers.

Connells improved profitability in the period, achieving a profit before tax of £28.4m (six months ended 30 June 2024: £20.0m), as activity continues to recover in the housing market; particularly buoyed by a surge of property transactions as buyers rushed to complete purchases ahead of the aforementioned changes to Stamp Duty from 1 April.

Alternative performance measures

The Board monitors and reports profits at both a statutory level, governed by accounting standards and practices, and at an 'underlying' level to give greater transparency of the performance of the Group's ongoing trading activities.

We report two alternative performance measures, the definitions of which are detailed on page 41 of the published 2024 Annual Report and Accounts. With the introduction of the loan to the defined benefit pension scheme in the period (as outlined in Note 17), underlying profit is now also adjusted for the fair value movements on this:

- Underlying Group PBT which excludes items that are not generated from the Group's core trading activities; and
- Connells Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) which is a common performance measure used in the estate agency industry.

£131.9m Underlying Group PBT

(Six months ended 30 June 2024: £149.1m)

The calculation of underlying PBT for the Group is shown in the following table:

£m	6 months to 30.06.25	6 months to 30.06.24	12 months to 31.12.24
Total Group PBT	**135.1**	157.0	318.6
Less fair value gains in relation to the equity release portfolio*	**(1.3)**	(5.6)	(9.3)
Less fair value gains on share warrants and equity share investments	**(3.5)**	(2.3)	(7.0)
Add back fair value loss on loan to the defined benefit pension scheme	**1.6**	-	-
Underlying Group PBT	**131.9**	149.1	302.3

* Comprising fair value movements on the portfolio and associated derivatives, as shown in Note 6.

Group performance by segment

The Group's operating results are reviewed regularly by the Board for the following key business lines:

- Society – split between our Homes and Money businesses;
- Skipton International (SIL);
- Connells; and
- Other – interests in a small number of other business lines that are not separately reportable, namely Skipton Business Finance (SBF) and Jade Software Corporation, together with the impact of Group consolidation adjustments. The Group's statutory results by segment were as follows:

£m	6 months to 30.06.25	6 months to 30.06.24	12 months to 31.12.24
Society	**101.0**	113.0	209.9
SIL	**6.8**	18.2	31.0
Connells	**28.4**	20.0	61.3
Other*	**(1.1)**	5.8	16.4
Group PBT	**135.1**	157.0	318.6

* Information regarding segments that are not separately reportable is combined within the 'Other' category, together with the impact of Group consolidation adjustments.

Financial Review (continued)

Underlying Group performance by segment

The Group's underlying performance by segment was as follows:

£m	6 months to 30.06.25	6 months to 30.06.24	12 months to 31.12.24
Society	**101.3**	107.4	200.6
SIL	**6.8**	18.2	31.0
Connells	**24.9**	17.7	54.3
Other*	**(1.1)**	5.8	16.4
Underlying Group PBT	**131.9**	149.1	302.3

* Information regarding segments that are not separately reportable is combined within the 'Other' category, together with the impact of Group consolidation adjustments.

A breakdown of the results of each segment can be found in Note 26 to the Condensed Consolidated Financial Statements.

Society

The Society reported underlying pre-tax profits of £101.3m for the first six months of the year (six months ended 30 June 2024: £107.4m).

Net interest income amounted to £217.6m in the period (six months ended 30 June 2024: £197.3m). Net interest margin was 1.19% (six months ended 30 June 2024: 1.12%).

Administrative expenses, including depreciation and amortisation, increased by £14.6m, equating to 12%, compared to the same period last year, rising to £137.1m (six months ended 30 June 2024: £122.5m).

The majority of this increase is within our people costs, which was due to natural inflationary increases, as well as planned enhancements to our IT capabilities. In 2025, the Society has also returned to TV marketing, with our 'Founded on Fairness' campaign, which required significant investment compared to 2024. Our cost focus for 2025 still remains on ensuring our spend is well targeted and aligned to our strategic priorities; and while the increase year-on-year is significant, we are still operating within our cost corporate plan objective.

Our ratio of costs to mean assets has increased in the period as a result of this higher administrative expenditure, despite strong balance sheet growth.

0.75% Costs to mean assets

(Six months ended 30 June 2024: 0.70%)

Homes

The Society again achieved net mortgage book growth in the period, reflecting good underlying performance and the benefit of increased market activity in the early part of the year. Gross mortgage advances in the first half of the year were £3,250m (six months ended 30 June 2024: £3,106m), whilst net lending was £1,317m (six months ended 30 June 2024: £1,399m).

4.6% Mortgage book growth rate

(Six months ended 30 June 2024: 5.3%)

Residential mortgages in arrears by three months or more in our Homes business totalled 623 cases (31 December 2024: 541 cases). Arrears levels remain low in comparison to the industry average of 0.89% (Source: UK Finance industry arrears data (residential mortgages in arrears by more than three months at 31 March 2025 – being the latest available data)), which is testament to our strong up-front lending controls and proactive credit management, whereby we closely monitor and manage mortgages that have fallen into arrears, working with borrowers to find solutions that are appropriate for their individual circumstances.

0.33% Residential mortgages in arrears 3m+

(31 December 2024: 0.29%)

The commercial lending portfolio (closed to new business since 2008), stands at £106.4m as at 30 June 2025 (31 December 2024: £114.3m) with an average loan size of £228.8k.

Financial Review (continued)

The proportion of accounts in arrears by three months or more in this portfolio equated to 2.49% (31 December 2024: 1.69%); with the ratio increasing predominantly as a result of a reduction in the total number of commercial mortgages, which has declined by c.7% with the book being in run off. Arrears remain low, with 11 cases in arrears by three months or more, versus eight at June 2024.

At 30 June 2025 the commercial impairment loss allowance stood at £5.5m (31 December 2024: £4.7m), with a related net charge to the Income Statement of £0.8m (six months ended 30 June 2024: £2.6m credit). The portfolio continues to be assessed using a simplified lifetime loss rate model, which is considered appropriate for a closed book, as detailed further in note 1c). The increase in impairment allowance is attributable to a new specific provision introduced against one customer at risk, together with a targeted post-model adjustment (PMA) proposed for a small subset of negative equity accounts, where risks are not fully addressed within the standard model.

The Homes business holds an equity release mortgage book which is also closed to new business. We have seen a net fair value gain on our equity release portfolio and associated derivatives of £1.3m (six months ended 30 June 2024: net gain of £5.6m). This movement is driven by changes in market expectations of long-term interest rates, inflation and house price growth.

Refer to Note 13 and Note 14 to the Condensed Consolidated Financial Statements for further details on loans and advances to customers and our equity release portfolio.

Money

Savings balances have increased by £1,196m since the end of 2024, representing growth of 4.2% (six months ended 30 June 2024: 6.2%), compared to the UK savings market where net savings grew by only 1.6%; this has increased our market share of balances to 1.38% (31 December 2024: 1.35%) (Source: Bank of England Statistics, June 2025).

4.2% Savings balance growth rate

(Six months ended 30 June 2024: 6.2%)

Lifetime ISA (LISA) customers continue to be well represented in our customer base, and as at 30 June 2025 we hold balances of £1,201m (31 December 2024: £1,170m) for those saving hard for their first home or planning for retirement. These customers benefited from government bonuses in the period of £32.2m (six months ended 30 June 2024: £36.5m).

The Society's net non-interest income, which is predominantly made up of financial advice fees and commissions receivable, was £21.2m (six months ended 30 June 2024: £22.0m).

Funds under management, as part of our financial advice offering, totalled £4.9bn as at 30 June 2025 (31 December 2024: £4.7bn).

Skipton International (SIL)

SIL has continued to focus on transitioning the business, through strengthening its control environment, in order to provide an improved offering for its clients; with a consequential impact upon both revenue and expenditure lines. As a result, underlying pre-tax profits in the first six months of the year reduced, as anticipated, to £6.8m (six months ended 30 June 2024: £18.2m).

This decrease in profits reflects a reduction in interest income due to a combination of strategic slowdown in growth and external market factors reducing expected returns on mortgages, which has impacted SIL's net interest margin, reducing to 1.66% (six months ended 30 June 2024 2.08%).

Profit has also been heavily impacted by related investment spend, with the ratio of costs to mean assets increasing to 1.14% (six months ended 30 June 2024: 0.71%). Administrative expenses rose by over 50% to £14.8m (six months ended 30 June 2024 £9.4m) as a result of this investment, which included increased professional fees and significantly higher staff costs following the growth of back-office teams.

SIL's savings book increased by 0.6% in the period to £2,433m (31 December 2024: £2,418m) while SIL's mortgage book decreased by 1.0% to £2,080m (31 December 2024: £2,101m); reflecting a combination of external market forces, redemptions and the strategic decision to slow growth. The quality of the mortgage book remains good with only 11 cases in arrears by three months or more (31 December 2024: 10 cases).

Financial Review (continued)

Connells

Connells saw a strong start to 2025, entering with a 33% higher sales pipeline than at the same time last year. The momentum in front end sales activity, gained through late-2024, continued into this year, and was supported by the Stamp Duty changes; with buyers and vendors pressing for completion before the 1 April threshold reductions. March was an outstanding month for completions. Exchanges totalled 12,381 – the highest since 2021 (and up 87% on March 2024), while pipeline conversion, at 36% (March 2024: 23%), was the highest ever recorded by Connells.

As a result, Connells has reported strong results in the period, achieving underlying pre-tax profits of £24.9m (six months ended 30 June 2024: £17.7m). While EBITDA was £55.9m (six months ended 30 June 2024: £43.8m).

The number of properties that the business exchanged contracts on during the period was 17% higher than for the same period in 2024, reflecting the more favourable market conditions and push to complete ahead of the Stamp Duty deadline. The surveying business also benefited from this increased activity, whilst average fees have been strong.

Their financial services proposition also continues to perform well. The number of mortgages arranged increased by 7%, with the value of lending generated for UK mortgage providers during the first six months of 2025 totalling £15.9bn (six months ended 30 June 2024: £15.4bn).

The letting business has continued to grow, with properties under management increasing to 128,652 at the period end (31 December 2024: 126,590). Rental arrears remain low, representing just 4.3% of tenancies managed (31 December 2024: 5.0%).

Connells' administrative expenses totalled £536.8m (six months ended 30 June 2024: £488.1m); increasing by £48.7m year-on-year. This has been driven in the main by higher salaries, together with higher variable pay as a result of improved trading, as well as the acquisitions in the period, which have added to the cost base.

During the first half of the year, Connells has continued its commitment to strategic expansion and has enhanced its national reach and deepening of its client service capabilities with the completion of several acquisitions in recent months. Further details of which can be found in Note 1e).

Other

Skipton Business Finance (SBF) generated a pre-tax profit for the period of £5.2m (six months ended 30 June 2024: £5.2m). Economic uncertainty during the first half of the year has seen an increase in demand for working capital solutions across the small and medium-sized enterprises (SMEs) sector, with SBF well placed to continue to support SMEs accordingly with Invoice Finance and Asset Finance solutions. SBF increased its portfolio to 899 clients (31 December 2024: 871) and increased total drawn funds to £206.0m at 30 June 2025 (31 December 2024: £190.1m). The quality of SBF's lending continues to be good, with impairment as a percentage of drawn funds remaining low at 0.90% (31 December 2024: 0.78%).

Jade reported a profit of £0.4m for the period (six months ended 30 June 2024: £0.6m). The total of the other remaining business lines, including the impact of Group consolidation adjustments, had a net impact of reducing Group profit by £(6.7)m (30 June 2024: net £nil impact).

Group financial position

Consolidated total Group assets have increased by 2.1% to £39.8bn at 30 June 2025. The Group's balance sheet remains strong and well-positioned to support continued growth and resilience. Our financial position is analysed below by our key balance sheet areas.

Liquidity

Liquid assets at 30 June 2025 were £6.1bn (31 December 2024: £6.7bn). When measured as a percentage of shares, deposits and borrowings, the liquidity ratio remained strong at 17.1% (31 December 2024: 19.1%) providing the Group flexibility in an unpredictable market.

The Group's liquidity levels are closely managed by senior management and have remained well above both the regulatory limit of 100% and the internal limit set by the Board throughout the period.

177% Liquidity Coverage Ratio (LCR)

(31 December 2024: **193**%)

Financial Review (continued)

At 30 June 2025, the Society held £5.1bn (31 December 2024: £5.8bn) of High Quality Liquid Assets (HQLA) as analysed below:

£m	30.06.25	30.06.24	31.12.24
Balances with the Bank of England	**1,279.9**	2,505.9	1,928.6
Gilts	**625.4**	490.2	885.5
Treasury bills	**168.9**	737.3	321.3
Fixed rate bonds	**1,569.2**	1,015.2	1,267.6
Floating rate notes	**-**	53.9	-
Residential mortgage backed securities	**642.8**	472.0	619.9
Covered bonds	**791.5**	748.6	770.1
	5,077.7	6,023.1	5,793.0

The Society also holds a portfolio of other liquid assets, which are not categorised as HQLA, as shown below:

£m	30.06.25	30.06.24	31.12.24
Certificates of deposit	**-**	47.4	-
Cash with other institutions	**0.5**	0.5	1.0
	0.5	47.9	1.0

* The tables differ to the total amount of liquid assets shown within the Group's Statement of Financial Position (30 June 2025: £6.1bn; 30 June 2024: £7.1bn; and 31 December 2024: £6.7bn) due to certain items that are excluded from these tables, such as liquid assets used as collateral and those used in repurchase (or 'repo') transactions.

The Group's treasury investments are held to provide liquidity and at the end of the reporting period over 99% of the Group's treasury investments are rated A3 or better (31 December 2024: over 99%), excluding exposures to a central clearing house used to clear derivatives to manage interest rate risk, in line with regulation.

Loans and advances to customers

The Group continues to grow mortgage assets in a controlled manner, lending within clearly defined risk appetites through both the Homes business and SIL. Group mortgage balances saw growth of 4.2% in the period (six months ended 30 June 2024: 5.5%), increasing from £30.9bn at the end of 2024 to £32.2bn.

The Homes business has continued to lend, within our credit risk appetite, with a focus on first time buyers – in line with our commitment to making home ownership a reality. Net lending has been enhanced by new initiatives, as well as by retention through highly competitive products, despite an unsettled market and uncertain mortgage rates, amidst swap market volatility.

The average loan-to-value (LTV) of new lending in the period (calculated on a valuation-weighted basis) was 68.9% (year to 31 December 2024: 65.3%). We consider our new lending to remain prudent and the mortgage book to be well diversified by geographical location. This is echoed in the quality of our residential loan book, which remained good, with low arrears across the Group.

As at 30 June 2025, the average valuation-weighted LTV of the total residential mortgage book (excluding equity release) was 48.0% (year to 31 December 2024: 46.1%), a slight increase due to a higher proportion of first time buyers, though well within the Group's set quantitative credit risk appetite limits.

The Group's commercial mortgage portfolio continued to run off, decreasing in the period by £(7.9)m (six months to 30 June 2024: £10.7m reduction). The average LTV of this portfolio reduced from 42.3% at December 2024 to 41.5% at June 2025.

At 30 June 2025, the fair value of the Group's equity release portfolio was £271.6m (31 December 2024: £277.2m). The change in the fair value of the equity release mortgages is primarily related to changes in economic expectations, which have stabilised, and the portfolio has trended towards valuation at par – see Note 1c) for further details.

Funding

The Group continues to optimise the mix of retail and wholesale funding in the best interests of our members, and in order to achieve both retail savings and lending growth objectives.

The Group remains primarily funded by retail savings:

£m	30.06.25	30.06.24	31.12.24
Shares held by individuals (Note 1)	**29,146.4**	27,250.5	27,943.5
Wholesale funding (Note 2)	**3,793.9**	4,859.5	4,368.3
Total funding	**32,940.3**	32,110.0	32,311.8

Financial Review (continued)

Notes to the previous table (on page 15):

1. Excludes shares held by others and fair value adjustments totalling £367.4m (30 June 2024: £283.5)m; 31 December 2024: £325.0m), which are classified as wholesale funding.
2. Wholesale funding balances exclude £2,433m (30 June 2024: £2,400m; 31 December 2024: £2,418m) of offshore funding in our Channel Islands based subsidiary, SIL.

Retail Funding

As at 30 June 2025, £29.5bn (31 December 2024: £28.3bn) of our funding came from retail savings (member deposits), with growth of £1.2bn seen in the period primarily driven by another strong ISA season, seeing growth in ISA balances of £1.3bn over March and April; and a positive response to our Quadruple Access saver product.

In addition to our UK retail funding, the Group also accepts deposits through our Channel Islands based subsidiary, SIL, with balances totalling £2.4bn (31 December 2024: £2.4bn). These balances are included in 'Amounts owed to other customers' within the Statement of Financial Position.

87.7% Group retail funding (as a % of total funding)

(31 December 2024: **85.6**%)

Wholesale funding

We access the remainder of our funding requirements through the wholesale markets. We maintain a diverse funding portfolio to prevent over-reliance on any one source, and, taking into consideration the term profile of our lending, closely manage the term of our funding in order to manage the risks of duration mis-match. At the period end our wholesale funding balances amounted to £3.8bn (31 December 2024: £4.4bn).

In the first half of the year, the Society issued a £500m 5-year covered bond. The cash from this transaction, together with general growth in retail savings balances, was used to repay £1.0bn of the Bank of England's 'Term Funding Scheme with additional incentives for SMEs' (TFSME). This means that as at 30 June 2025 the Society has no TFSME outstanding (31 December 2024: £1.0bn).

The credit ratings of the Society are assigned by two major credit rating agencies, Fitch and Moody's. The Society's current ratings, which have not changed during 2025 to date, are summarised in the following table:

	Fitch	Moody's
Covered Bonds	**AAA**	**Aaa**
Senior Preferred	**A**	**A2**
Baseline Credit Assessment (BCA)	**N/A**	**A3**
Issuer Default Rating (IDR)	**A-**	**N/A**
Short Term	**F1**	**P-1**
Senior Non Preferred	**A-**	**Baa1**
Outlook	**Stable**	**Stable**
Last change of rating	**Aug 2021**	**Jul 2021**

Capital

We monitor our capital at a prudential consolidated group level (comprising the entire Group except Connells, Jade, and a small number of other entities whose activities are not closely aligned with the core business) and at a Society only level by applying the Capital Requirements Directive V (CRD V) effective from December 2020, and the UK Capital Requirements Regulation (UK CRR), as implemented from January 2022.

The capital requirements under the prudential consolidation group are higher than for the Society. On the basis that the prudential consolidation group represents the lowest capital adequacy and leverage positions, and the same risk management framework is applied to both, the analysis throughout this Capital section has been disclosed at a prudential consolidation group level only.

We have PRA permission to apply the internal ratings-based (IRB) approach to certain credit risk exposures. To comply with the regulatory requirement effective from 1 January 2022, the Society submitted updates to its IRB models to the PRA in 2021. Following feedback received in 2022, the models were further refined and resubmitted in January 2024. As the models have not been approved by the PRA, the Society applies a temporary model adjustment (TMA) to the Society's regulator-approved IRB model output. Until the PRA approve the models, the TMA remains subject to change and may cause variations in the capital metrics. There have not been, and we do not expect there to be, any material changes to the risk profile or strategy of the Society as a result of changes to the TMA.

Financial Review (continued)

Total regulatory capital has increased by £90.6m from 31 December 2024 to £2,505.7m as at 30 June 2025 (31 December 2024: £2,415.1m). This is mainly due to the retained profits accumulated during the period.

Risk weighted assets (RWAs) have increased by £281.9m in the period to £8,559.3m (31 December 2024: £8,277.4m). This increase is principally driven by strong residential mortgage book growth in the period.

The CET1 ratio has remained stable, showing that the growth in RWAs has been supported by the increase in total regulatory capital.

28.8% Common Equity Tier 1 (CET1) ratio

(31 December 2024: **28.7%**)

The UK leverage ratio has also remained stable.

6.6% Leverage ratio

(31 December 2024: **6.6%**)

The following table shows the composition of the prudential group's regulatory capital as at 30 June 2025. IFRS 9 *Financial Instruments* transitional arrangements are applied throughout 2024 and ceased to apply from 1 January 2025.

£m	30.06.25	30.06.24	31.12.24
Capital resources:			
Common Equity Tier 1 Capital	**2,465.7**	2,280.8	2,375.1
Total Tier 1 capital	**2,465.7**	2,280.8	2,375.1
Total Tier 2 capital	**40.0**	40.0	40.0
Total regulatory capital	**2,505.7**	2,320.8	2,415.1
Risk weighted assets (RWAs)	**8,559.3**	8,722.8	8,277.4

	30.06.25	30.06.24	31.12.24
Capital and leverage ratios (Note 1)			
Common Equity Tier 1 (CET1) ratio	**28.8%**	26.1%	28.7%
Tier 1 ratio	**28.8%**	26.1%	28.7%
Total capital ratio	**29.3%**	26.6%	29.2%
Leverage ratio (Note 2)	**6.6%**	6.6%	6.6%

Notes

1. The capital ratios are calculated as the relevant capital divided by RWAs. The leverage ratio is calculated as Tier 1 capital divided by the total leverage exposure amount, i.e. total assets and off-balance sheet exposures per the prudential consolidation group, less deposits with central banks and regulatory adjustments.
2. The leverage ratio is calculated in accordance with the UK regulatory framework, which excludes deposits with central banks from the leverage exposure measure.

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

MREL is a regulatory requirement set by the Bank of England to ensure institutions can cover losses that would need to be absorbed in the event of a potential failure of the business. The amount of MREL that institutions need to have is linked to the resolution strategy chosen for each firm.

The Bank of England's preferred resolution strategy for Skipton Building Society is a single point of entry bail-in under Part 1 of the Banking Act 2009. From 1 January 2023, our MREL requirement is 2x (pillar 1 plus pillar 2A capital requirements) plus the applicable capital requirement buffers issued by the Bank of England, which is 20.1% of RWAs plus capital buffers.

At 30 June 2025, total MREL resources, including MREL eligible senior non-preferred debt, were 37.5% of RWAs (31 December 2024: 37.6%) which exceeds the MREL requirement of 20.1% of RWAs plus capital buffers.

Further information can be found in the Group's Pillar 3 Disclosures, which are published on the Society's website skipton.co.uk.

P Chambers

Paul Chambers,
Group Chief Financial Officer
31 July 2025

Governance

Principal and Emerging Risks and Uncertainties

“Economies across the globe, including in the UK, still face significant uncertainties arising from continuing geopolitical tensions and conflicts.

Despite inflation returning to more normal levels and wage growth remaining positive for many, there remains significant strain on some household finances. Though further cuts in the Bank of England Base Rate of interest are forecast in the second half of the year.

Our diversified Group is well positioned to respond to the opportunities and risks posed by these changing political and economic landscapes.”

Steve O’Regan,
Group Chief Risk Officer

Principal risks and uncertainties

The outlook for the Group remains positive, however future performance in the outer years of our current 5-year Corporate Plan may be impacted by the performance of the UK economy as events and conditions evolve. At this stage, other than the challenges remaining in the economic and geopolitical environment, the Directors do not consider that the principal risks and uncertainties affecting the Group have changed materially since the publication of the 2024 Annual Report and Accounts. However, these will continue to be assessed and managed on an ongoing basis.

The Board understands and promotes the need to maintain a forward-looking focus and run appropriately severe scenarios to test the Group’s resilience to these and other unforeseen risk events and is confident that the Group is well placed to react accordingly.

Emerging risks and uncertainties

The Financial Conduct Authority’s (FCA’s) Disclosure and Transparency Rules require that the interim financial management report must include a description of the principal risks and uncertainties for the remaining six months of the financial year.

The principal financial and non-financial risks faced by the Group, which are common to most financial services firms in the UK, and how the Group seeks to mitigate them, can be found on pages 99 to 104 of the published 2024 Annual Report and Accounts, with the most significant emerging risks described below, together with mitigating actions we are taking to manage the risk.

S O’Regan

Steve O’Regan,
Group Chief Risk Officer
31 July 2025

Principal and Emerging Risks and Uncertainties (continued)

Key risks

Risk description	Mitigation
Economic and geopolitical risk **A significant escalation in ongoing or new conflicts, a significant change in government policy or sudden economic impacts to the housing market could detrimentally impact our growth plans.** The UK economic environment has remained broadly unchanged in the first six months of 2025, with the Bank of England Base Rate reducing to 4.25%. The risk of continued high interest rates may impact the rates borrowers pay, impacting some members' affordability and ability to repay their mortgages. Geopolitical risks remain elevated, combined with some policy uncertainty associated with recent global elections. This could increase global economic uncertainty leading to financial market volatility.	Macroeconomic and geopolitical risks continue to be closely monitored across all Group businesses, as the near-term outlook remains uncertain. Risks associated with the housing market and future trajectory for UK inflation and interest rates are closely managed as part of our strategic planning, to ensure any potential consequences can be considered and acted on in a timely manner. Continued monitoring of both direct and potential second order risks associated with ongoing or new conflicts remains a key consideration. The impact of changes to existing or new policies resulting from the change in UK government will be closely monitored through the remaining six months of the year and beyond.
Market environment **Mortgage affordability conditions, whilst easing, have the potential to remain challenging in the second half of the year.**	The Group's diversified business model ensures the Group is well placed to respond to a variety of market conditions and remains both financially and operationally resilient. Regular stress testing is performed to ensure the Group has considered severe but plausible scenarios and maintains the ability to withstand any such stresses.
Technology and cyber risk **Potential for losses, operational disruptions or customer harm that can arise from the use, operation, and adoption of technology e.g. cybersecurity, Artificial Intelligence (AI), Cloud, third party risk management.**	The Group continues to strengthen governance, processes and controls, including robust cybersecurity measures, regular system maintenance, and disaster recovery planning. The Group has an ambitious change agenda and continues to invest in innovation, integrating third-party software with internally built platforms through an agile change management approach. Informed decision making enables us to strike a balance between the opportunities of utilising technology such as Cloud, and managing any associated risks, to ensure our technology and processes are secure and resilient by design.
Operational resilience **A major operational risk event such as a cyber-attack or national infrastructure failure could disrupt our ability to provide key services to our members and customers.**	The Group has a robust approach to scenario planning to ensure effective plans to respond and recover in the event of a material risk event are in place. As the Group increases reliance on third party suppliers, we are strengthening our 'outsourcing and third-party management' processes and controls to ensure such suppliers are capable of maintaining their services to us, even in a stressed environment.

Principal and Emerging Risks and Uncertainties (continued)

Key risks (continued)

Risk description	Mitigation
Regulatory environment **Potential for losses or adverse outcomes arising from failure to comply with applicable laws, regulations and industry standards.**	Well established processes are in place, and in some areas are being strengthened, to enable compliance with existing and emerging regulations across the Group. The embedding of Consumer Duty principles will continue to minimise conduct related risks and support good customer outcomes. In Skipton International we are strengthening our risk management capability in some areas under the stewardship of its first Chief Risk Officer. Work is underway to ensure we are well prepared for emerging regulatory expectations including the Basel 3.1 reforms and the UK Corporate Governance Code. All Group businesses maintain an open relationship with regulators.
Environmental, Social and Governance (ESG) including climate risk **The risk associated with increased supervisory expectations and regulatory requirements for ESG and disclosure requirements.** The commercial impact that climate and environmental changes present to our business model through both physical and transitional factors.	The Group is committed to embedding the management of ESG and climate risk across its businesses and details of our approach can be found in our Group Sustainability Report. The Group will continue to review available data sources and enhance our methodology and processes to improve the robustness of our ESG governance and reporting, aligned with emerging developments and regulatory requirements in 2025 and beyond.
Changing customer behaviours **The risk of an adverse impact on profitability if customers are more actively seeking a better rate through ease of switching and increased competition.** Increasing demand for digital services requires us to continually enhance our technological offerings and ensure seamless customer experiences.	Enabling current and future members to interact with us through a channel that suits their needs and delivers good outcomes remains a key focus. The Group is responding to evolving customer expectations by investing in digital infrastructure, enhancing our customer engagement strategies, and adapting our product offerings to meet changing customer needs. Supporting more of our members to interact digitally and removing more paper from our journeys supports our ambitions to become paperless.
Group risk **The risk that a significant event within a Skipton Group business detrimentally impacts the Skipton Group or an individual Group business, leading to operational, financial and reputational impacts.**	The first six months of 2025 has seen the development of a more prominent Skipton Group brand, as we look to develop opportunities for members, customers and colleagues by harnessing the power of the Group. We are strengthening our Group operating model and risk management framework; this will continue through the second half of 2025 to ensure the right resources and capabilities are in place to minimise any associated risks.

Responsibility Statement of the Directors

We confirm that to the best of our knowledge:

- The condensed set of financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the undertakings included in the consolidation as a whole as required by DTR 4.2.4R of the *Disclosure Guidance and Transparency Rules*;

- The condensed set of financial statements has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as contained in UK-adopted international accounting standards; and

- The half-yearly financial report includes a fair review of the information required by:

    - DTR 4.2.7R of the *Disclosure Guidance and Transparency Rules*, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

    - DTR 4.2.8R of the *Disclosure Guidance and Transparency Rules*, being related parties transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance during the period, and any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance in the first six months of the current financial year.

The current Board of Directors represents those individuals responsible for the half-yearly financial report. The Directors who served during the period are listed to the right.

Signed on behalf of the Board

G Burr

Gwyn Burr,
Chair
31 July 2025

Gwyn Burr
Non-Executive Director, Chair

Stuart Haire,
Executive Director, Group Chief Executive

Paul Chambers
Executive Director, Group Chief Financial Officer

Graham Lindsay
Non-Executive Director, Deputy Chair
appointed 19/05/2025

Denis Hall
Non-Executive Director

Heather Jackson
Non-Executive Director

Steven Davis
Non-Executive Director

Iain Cummings
Non-Executive Director

Hasintha Gunawickrema
Non-Executive Director

Mark Lund
Non-Executive Director, Deputy Chair
resigned 28/04/2025

Philip Moore
Non-Executive Director
resigned 28/04/2025

Andrew Bottomley
Executive Director
resigned 28/04/2025

Independent Review Report to Skipton Building Society

Conclusion

We have been engaged by Skipton Building Society ('the Society') and its subsidiaries (together, 'the Group') to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Members' Interests, Condensed Consolidated Statement of Cash Flows and the related explanatory Notes 1 to 26. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with UK-adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE) issued by the Financial Reporting Council. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in Note 1a), the financial statements in the half-yearly financial report of the Group are prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 that are applicable. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting, as contained in UK-adopted international accounting standards, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Conclusions Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that management have inappropriately adopted the going concern basis of accounting or that management have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the Group'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 to cease operations, or have no realistic alternative but to do so.

Independent Review Report to Skipton Building Society (continued)

Auditor’s Responsibilities for the review of the financial information

In reviewing the half-yearly report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the Group in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Edinburgh
31 July 2025

Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement

For the half year ended 30 June 2025

£m	Notes	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Interest receivable and similar income:				
Accounted for using effective interest rate method	3	**983.8**	1,025.7	2,069.8
Other	3	**8.7**	16.2	32.5
Total interest receivable and similar income		**992.5**	1,041.9	2,102.3
Interest payable and similar charges	4	**(738.2)**	(803.0)	(1,613.9)
Net interest receivable		**254.3**	238.9	488.4
Fees and commissions receivable	5	**587.6**	533.3	1,115.5
Fees and commissions payable		**(3.0)**	(3.0)	(5.9)
Fair value gains on financial instruments mandatorily held at FVTPL	6	**3.7**	7.8	18.0
Other operating income	7	**2.5**	2.4	3.2
Total income		**845.1**	779.4	1,619.2
Administrative expenses	8	**(702.5)**	(626.4)	(1,312.3)
Operating profit before impairment and provisions		**142.6**	153.0	306.9
Impairment and provisions	9	**(7.5)**	4.0	11.7
Profit before tax		**135.1**	157.0	318.6
Tax expense	11	**(33.7)**	(38.2)	(78.1)
Profit for the period		**101.4**	118.8	240.5
Attributable to:				
Members of Skipton Building Society		**101.3**	118.8	240.5
Non-controlling interests		**0.1**	-	-
Profit for the period		**101.4**	118.8	240.5

Segmental performance of the Group is shown in Note 26.

The accompanying Notes form an integral part of this condensed consolidated half-yearly financial report.

Condensed Consolidated Statement of Comprehensive Income

For the half year ended 30 June 2025

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Profit for the period	**101.4**	118.8	240.5
Other comprehensive (expense) / income:			
Items that will not be reclassified to profit or loss:			
Remeasurement losses on defined benefit obligations	**(18.5)**	(1.9)	(3.7)
Income tax on items that will not be reclassified to profit or loss	**5.0**	0.5	1.0
Net other comprehensive expense that will not be reclassified to Income Statement	**(13.5)**	(1.4)	(2.7)
Items that may subsequently be reclassified to profit or loss:			
Cash flow hedging reserve:			
Gains / (losses) taken to equity	**2.3**	(29.5)	(29.6)
Realised (gains) / losses transferred to Income Statement	**(12.4)**	45.1	45.9
Fair value reserve:			
Gains / (losses) taken to equity	**3.9**	8.0	(1.7)
Impairment loss allowance on debt securities held at FVOCI	**-**	0.1	-
Cost of hedging reserve:			
Gains / (losses) taken to equity	**0.8**	-	(1.2)
Exchange differences on translation of foreign operations	**-**	(0.4)	(1.4)
Income tax on items that may be reclassified to profit or loss	**1.5**	(6.7)	(3.7)
Net other comprehensive (expense) / income that may subsequently be reclassified to Income Statement	**(3.9)**	16.6	8.3
Other comprehensive (expense) / income	**(17.4)**	15.2	5.6
Total comprehensive income for the period	**84.0**	134.0	246.1
Attributable to:			
Members of Skipton Building Society	**80.2**	134.0	246.1
Non-controlling interests	**3.8**	-	-
Total comprehensive income for the period	**84.0**	134.0	246.1

The accompanying Notes form an integral part of this condensed consolidated half-yearly financial report.

Condensed Consolidated Statement of Financial Position

Assets as at 30 June 2025

£m	Notes	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Cash in hand and balances with the Bank of England		**1,281.8**	2,509.4	1,930.6
Loans and advances to credit institutions		**378.9**	482.1	414.6
Debt securities	12	**4,455.4**	4,121.5	4,349.6
Derivative financial instruments		**479.6**	953.6	752.1
Loans and advances to customers held at amortised cost	13	**32,169.3**	29,674.7	30,601.1
Loans and advances to customers held at FVTPL		**0.7**	0.9	0.9
Equity release portfolio held at FVTPL	14	**271.6**	285.9	277.2
Current tax asset		**13.2**	-	3.0
Investments in joint ventures		**12.1**	10.6	11.2
Assets held for sale	15	**3.7**	-	-
Property, plant and equipment		**80.2**	78.1	80.9
Right-of-use assets		**99.1**	94.0	90.4
Deferred tax asset		**2.5**	8.8	6.3
Other assets		**212.6**	185.2	181.2
Intangible assets	16	**360.4**	310.4	311.4
Loan to defined benefit pension scheme held at FVTPL	17	**12.0**	-	-
Retirement benefit surplus	18	**-**	6.1	4.8
Total assets		**39,833.1**	38,721.3	39,015.3

Liabilities as at 30 June 2025

£m	Notes	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Shares		**29,513.8**	27,534.0	28,268.5
Amounts owed to credit institutions		**459.4**	2,006.4	1,599.6
Amounts owed to other customers		**2,856.8**	2,739.5	2,751.1
Debt securities in issue	19	**2,910.8**	2,513.1	2,435.3
Derivative financial instruments		**234.1**	325.6	225.1
Current tax liability		**1.1**	4.1	2.7
Lease liabilities		**101.1**	95.0	92.1
Other liabilities		**103.5**	83.5	86.6
Accruals and deferred income		**110.8**	99.2	114.7
Provisions for liabilities	20	**32.1**	33.4	31.8
Retirement benefit obligations	18	**9.3**	9.7	8.6
Subordinated liabilities		**703.6**	680.9	690.2
Subscribed capital		**41.6**	41.6	41.6
Total liabilities		**37,078.0**	36,166.0	36,347.9

Condensed Consolidated Statement of Financial Position continued on page 29

Condensed Consolidated Statement of Financial Position (continued)

Members' interests as at 30 June 2025

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
General reserve	**2,747.6**	2,539.4	2,659.8
Fair value reserve	**(7.8)**	(3.7)	(10.6)
Cash flow hedging reserve	**9.3**	16.1	16.6
Cost of hedging reserve	**(0.8)**	(0.5)	(1.4)
Translation reserve	**3.2**	4.2	3.2
Attributable to members of Skipton Building Society	**2,751.5**	2,555.5	2,667.6
Non-controlling interests	**3.6**	(0.2)	(0.2)
Total members' interests	**2,755.1**	2,555.3	2,667.4
Total liabilities and members' interests	**39,833.1**	38,721.3	39,015.3

The accompanying Notes form an integral part of this condensed consolidated half-yearly financial report.

Condensed Consolidated Statement of Changes in Members' Interests

Unaudited for the half year ended 30 June 2025

£m	General reserve	Fair value reserve	Cash flow hedging reserve	Cost of hedging reserve	Translation reserve	Sub-total	Non-controlling interests	Total
Balance at 1 January 2025	**2,659.8**	**(10.6)**	**16.6**	**(1.4)**	**3.2**	**2,667.6**	**(0.2)**	**2,667.4**
Profit for the period	101.3	-	-	-	-	**101.3**	0.1	**101.4**
Other comprehensive (expense) / income net of tax								
Remeasurement losses on defined benefit obligations	(13.5)	-	-	-	-	**(13.5)**	-	**(13.5)**
Net gains from changes in fair value	-	2.8	2.0	0.6	-	**5.4**	-	**5.4**
Realised losses transferred to Income Statement	-	-	(9.3)	-	-	**(9.3)**	-	**(9.3)**
Total other comprehensive (expense) / income	**(13.5)**	**2.8**	**(7.3)**	**0.6**	**-**	**(17.4)**	**-**	**(17.4)**
Total comprehensive income / (expense) for the period	**87.8**	**2.8**	**(7.3)**	**0.6**	**-**	**83.9**	**0.1**	**84.0**
Non-controlling interests arising on recognition of subsidiary undertakings with less than 100% ownership	-	-	-	-	-	**-**	3.7	**3.7**
Balance at 30 June 2025	**2,747.6**	**(7.8)**	**9.3**	**(0.8)**	**3.2**	**2,751.5**	**3.6**	**2,755.1**

Condensed Consolidated Statement of Changes in Members' Interests (cont.)

Unaudited for the half year ended 30 June 2024

£m	General reserve	Fair value reserve	Cash flow hedging reserve	Cost of hedging reserve	Translation reserve	Sub-total	Non-controlling interests	Total
Balance at 1 January 2024	2,422.0	(9.5)	4.9	(0.5)	4.6	2,421.5	(0.2)	2,421.3
Profit for the period	118.8	-	-	-	-	118.8	-	118.8
Other comprehensive (expense) / income net of tax								
Remeasurement losses on defined benefit obligations	(1.4)	-	-	-	-	(1.4)	-	(1.4)
Net gains / (losses) from changes in fair value	-	5.7	(25.3)	-	-	(19.6)	-	(19.6)
Debt securities at FVOCI: impairment credit	-	0.1	-	-	-	0.1	-	0.1
Realised losses transferred to Income Statement	-	-	36.5	-	-	36.5	-	36.5
Exchange differences on translation of foreign operations	-	-	-	-	(0.4)	(0.4)	-	(0.4)
Total other comprehensive (expense) / income	(1.4)	5.8	11.2	-	(0.4)	15.2	-	15.2
Total comprehensive income / (expense) for the period	117.4	5.8	11.2	-	(0.4)	134.0	-	134.0
Balance at 30 June 2024	2,539.4	(3.7)	16.1	(0.5)	4.2	2,555.5	(0.2)	2,555.3

Condensed Consolidated Statement of Changes in Members' Interests (cont.)

Audited for the year ended 31 December 2024

£m	General reserve	Fair value reserve	Cash flow hedging reserve	Cost of hedging reserve	Translation reserve	Sub-total	Non-controlling interests	Total
Balance at 1 January 2024	2,422.0	(9.5)	4.9	(0.5)	4.6	2,421.5	(0.2)	2,421.3
Profit for the year	240.5	-	-	-	-	240.5	-	240.5
Other comprehensive (expense) / income net of tax								
Remeasurement losses on defined benefit obligations	(2.7)	-	-	-	-	(2.7)	-	(2.7)
Net losses from changes in fair value	-	(1.1)	(21.3)	(0.9)	-	(23.3)	-	(23.3)
Realised losses transferred to Income Statement	-	-	33.0	-	-	33.0	-	33.0
Exchange differences on translation of foreign operations	-	-	-	-	(1.4)	(1.4)	-	(1.4)
Total other comprehensive (expense) / income	(2.7)	(1.1)	11.7	(0.9)	(1.4)	5.6	-	5.6
Total comprehensive income / (expense) for the year	237.8	(1.1)	11.7	(0.9)	(1.4)	246.1	-	246.1
Balance at 31 December 2024	2,659.8	(10.6)	16.6	(1.4)	3.2	2,667.6	(0.2)	2,667.4

The accompanying Notes form an integral part of this condensed consolidated half-yearly financial report.

Condensed Consolidated Statement of Cash Flows

For the half year ended 30 June 2025

£m	Notes	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Cash flows from operating activities				
Profit before tax		**135.1**	157.0	318.6
Adjustments for:				
Impairment losses / (credits) on financial instruments	21a)(i)	**7.3**	(8.6)	(15.9)
Depreciation and amortisation		**32.5**	35.1	70.0
Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets		**2.2**	0.6	3.1
Profit on disposal of property, plant and equipment, investment property and intangible assets		**(0.4)**	(0.4)	(0.7)
Fair value gains on financial instruments held at FVTPL	21a)(ii)	**(3.7)**	(7.8)	(18.0)
Interest on subordinated liabilities and subscribed capital	4	**16.8**	16.9	34.1
Interest on lease liabilities	4	**2.0**	1.4	3.1
Other non-cash movements	21a)(iii)	**(11.5)**	3.0	(5.0)
		180.3	197.2	389.3
Changes in operating assets and liabilities:				
Movement in prepayments and accrued income		**(20.5)**	(13.1)	(3.4)
Movement in accruals and deferred income		**(3.9)**	(8.7)	6.8
Movement in provisions for liabilities		**(7.0)**	(5.3)	(10.1)
Net movement in derivatives		**60.8**	11.6	43.6
Movement in loans and advances to customers		**(1,312.1)**	(1,571.8)	(2,345.1)
Movement in shares		**1,195.5**	1,608.3	2,317.2
Net movement in amounts owed to credit institutions and other customers		**(1,034.5)**	(156.4)	(551.6)
Net movement in debt securities in issue		**459.2**	97.0	(5.9)
Net movement in loans and advances to credit institutions		**24.9**	144.1	169.2
Net movement in other assets		**(36.2)**	(28.1)	(44.7)
Net movement in other liabilities		**31.4**	13.6	32.8
Contributions to defined benefit scheme		**(12.8)**	(24.6)	(26.0)
Income taxes paid		**(38.9)**	(29.3)	(68.3)
Net cash flows from operating activities		**(513.8)**	234.5	(96.2)

Net cash flows from operating activities of the Group include interest received of £980.4m (six months ended 30 June 2024: £1,030.4m; year ended 31 December 2024: £2,080.0m) and interest paid of £756.4m (six months ended 30 June 2024: £678.7m; year ended 31 December 2024: £1,484.4m).

Condensed Consolidated Statement of Cash Flows (continued)

For the half year ended 30 June 2025

£m	Notes	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Net cash flows from operating activities		**(513.8)**	234.5	(96.2)
Cash flows from investing activities				
Purchase of debt securities	12	**(1,257.7)**	(2,165.0)	(4,402.0)
Proceeds from maturities and disposals of debt securities		**1,212.1**	1,368.8	3,374.5
Purchase of subsidiary undertakings in the year, net of cash acquired		**(19.6)**	-	-
Other investing activities	21b)(i)	**(42.7)**	(19.5)	(41.0)
Net cash flows from investing activities		**(107.9)**	(815.7)	(1,068.5)
Cash flows from financing activities				
Interest paid on subordinated liabilities and subscribed capital		**(16.6)**	(17.0)	(33.5)
Interest paid on lease liabilities		**(2.0)**	(1.4)	(3.1)
Lease payments (excluding interest)		**(19.4)**	(19.9)	(39.3)
Net cash flows from financing activities		**(38.0)**	(38.3)	(75.9)
Net decrease in cash and cash equivalents		**(659.7)**	(619.5)	(1,240.6)
Cash and cash equivalents at 1 January		**2,053.7**	3,294.3	3,294.3
Decrease in impairment loss allowance on cash and cash equivalents		**0.1**	0.1	-
Cash and cash equivalents at end of period		**1,394.1**	2,674.9	2,053.7

Analysis of cash balances as presented within the Statement of Financial Position:

As at 30 June 2025

£m	Notes	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Cash in hand and balances with the Bank of England		**1,281.8**	2,509.4	1,930.6
Loans and advances to credit institutions		**112.3**	165.5	123.1
Cash and cash equivalents at end of period		**1,394.1**	2,674.9	2,053.7

The accompanying Notes form an integral part of this condensed consolidated half-yearly financial report.

Notes to the Condensed Consolidated Financial Statements

Contents

1. Introduction

These financial statements show the financial performance of the Group for the half year ended 30 June 2025 and the financial position of the Group as at that date.

a) Basis of preparation

This half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*, as contained in UK-adopted international accounting standards, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority. This half-yearly financial report should be read in conjunction with the Group's latest annual financial statements for the year ended 31 December 2024.

The accounting policies, presentation and methods of computation are consistent with those applied by the Group in its latest audited financial statements.

The Group's latest audited financial statements were prepared in accordance with UK-adopted international accounting standards in conformity with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 that are applicable.

Governmental and societal responses to climate change risks continue to develop, and are interdependent upon each other, and consequently financial statements cannot capture all possible future outcomes as these are not yet known. The degree of uncertainty of these changes may also mean that they cannot be taken into account when determining asset and liability valuations and the timing of future cash flows under the requirements of applicable accounting standards. We have considered the impact of transitioning to a low-carbon economy and the physical risks from climate change on key estimates in the financial statements. Consideration was given, in particular, to the impact of climate risks on areas of estimation, and our going concern assessment. While the Group continues to enhance its ability to assess climate-related risks and given the uncertainties on the extent and timing of the manifestation of climate-related risks, the Group is currently unable to determine the full future economic impact on our business model, operational plans and our customers, and therefore, the potential future impacts are not fully incorporated in these financial statements. The Group continues to monitor emerging regulatory expectations and is assessing how to enhance its capabilities over time, in line with material risk exposure.

b) Changes to material accounting policies

There have been no changes to material accounting policies within the period.

1. Introduction (continued)

c) Critical accounting judgements and estimates in applying accounting policies

Note 1v) to the 2024 Annual Report and Accounts sets out the key estimates, assumptions and judgements made by the Group which affect the amounts recognised in the financial statements. Updated information for certain key judgements and estimates is set out below.

Impairment of mortgage loans and advances

Significant Increase in Credit Risk (SICR)

Assessing loan impairment in accordance with IFRS 9 *Financial Instruments* requires the Group to determine whether credit risk has significantly increased since the loan was initially recognised.

For residential mortgages, management judges that significant increase in credit risk (SICR) is determined by reference to certain quantitative and qualitative criteria. The quantitative criteria involve measuring the relative increase in lifetime probability of default (PD) for the loan; the Group determines thresholds for this purpose, expressed as a multiple of the initial PD estimate. The thresholds vary according to the credit quality of the loan at initial recognition and are set with the aim of identifying accounts with SICR before the borrower misses a payment. The Group periodically reviews the effectiveness of the SICR criteria in achieving this objective. As a result of this review, the multiples applied by the Group have been revised during the period in order to enhance effectiveness; details of the changes, which do not materially impact these financial statements, are set out below.

Multiple by which remaining lifetime PD has increased compared to initial estimate			
Lifetime PD band at initial recognition	Unaudited applied at 30.06.25	Unaudited applied at 30.06.24	Audited applied at 31.12.24
Slight risk	**initial estimate x 8**	initial estimate x 9	initial estimate x 9
Low risk	**initial estimate x 4**	initial estimate x 5	initial estimate x 5
Medium risk	**initial estimate x 3**	initial estimate x 4	initial estimate x 4
High risk	**initial estimate x 1**	initial estimate x 1	initial estimate x 1

The Group also makes use of an absolute lifetime PD hurdle for residential mortgages where lifetime PD goes above 25%. These accounts are considered to have a significant increase in credit risk and will automatically be migrated to Stage 2.

The review of SICR criteria also resulted in a change to the qualitative SICR criteria, to align the probation period for forborne accounts with that used in certain regulatory reporting standards.

1. Introduction (continued)

Forward-looking information

The Group incorporates forward-looking information into both its assessment of whether the credit risk of a financial asset has increased significantly since initial recognition and its measurement of ECLs. In accordance with IFRS 9, the Group's estimate of ECLs is an unbiased and probability-weighted amount that reflects a range of possible outcomes. The Group determines a range of representative scenarios for the possible future direction of key economic variables and a probability-weighting is assigned to each scenario. Given the high degree of uncertainty, the scenarios and weightings are continually reassessed by management and subject to formal update at least quarterly.

The Group's central scenario represents a view of the most likely outcome and is aligned with information used by the Group for other purposes such as strategic planning and budgeting. In addition, the Group incorporates an upside scenario (representing a more optimistic view than the central scenario) and a downside scenario (representing a more pessimistic view than the central scenario); the selection of these alternative scenarios is intended to model the non-linear impact of economic factors on ECLs for the Group's mortgage portfolios.

The scenarios applied by the Group as at 30 June 2025 were determined with due consideration to the significant economic uncertainties arising from continuing geopolitical tensions and conflicts.

The Group's central scenario as at 30 June 2025 assumes minimal growth in 2025 and 2026, constrained by increases in UK government taxation. Geopolitical tensions continue in 2025 and, coupled with increased US tariffs, keeps pressure on inflation whilst also raising concerns of a global slowdown. Whilst a period of real wages growth has given some respite to households, pressures remain with borrowing rates higher than pre-COVID rates. Unemployment rises steadily, peaking from late 2026 to late 2027, before falling back slightly into the medium-term. Businesses continue to feel the impacts of inflation and rising wage bills. Inflation peaks in 2025 and continues to run generally above the 2% target until the start of 2027. The Bank of England continues steady base rate reductions, levelling at 3.50% from mid-2026 into the medium-term. House prices grow in 2025, with above-inflation increases in 2026 and 2027.

The Group's upside scenario as at 30 June 2025 assumes the economy grows strongly in 2025. Inflation is maintained at the 2% target from early 2026 throughout the forecast period, allowing the Bank to hold interest rates at 3.00% from late 2025 and into the medium-term. Consumer confidence rises and unemployment reduces to 4.0%. There is strong house price growth into the medium-term.

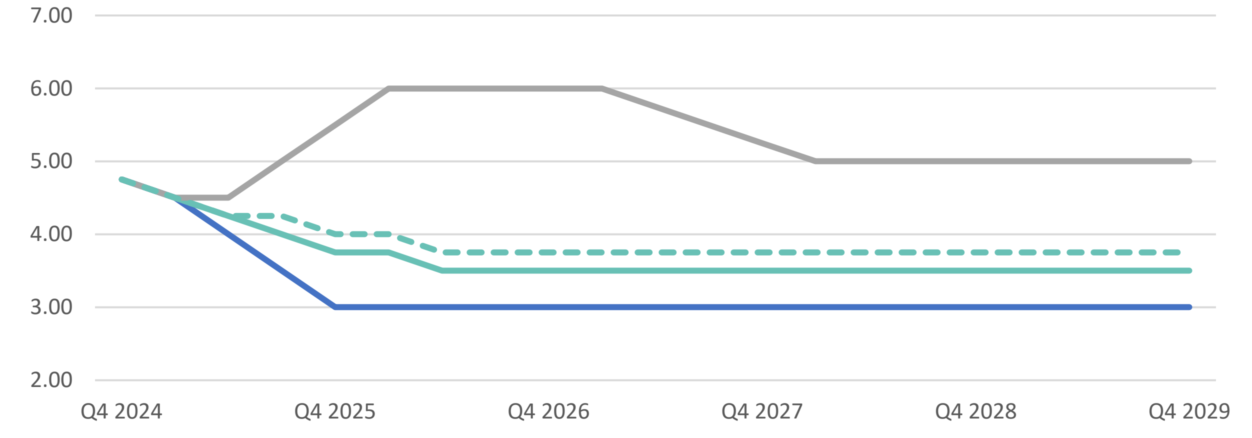
The Group's downside scenario as at 30 June 2025 assumes the US government significantly increases tariffs on imports from large economies (including the UK), and also tightens immigration controls that lead to worker shortages; the impacts are felt globally, with the UK seeing increases in both inflation and base rate. An adverse weather event in 2025 causes food supply issues, resulting in further food inflation. Unemployment increases and remains elevated throughout the forecast period. With base rate remaining higher for a sustained period, the impact on affordability is significant and house prices fall in 2025, 2026 and 2027; recovery is slow such that the overall impact on the housing market is severe.

The key economic variables considered by the Group when developing the forecast scenarios are set out below for the first five years of each of the Group's scenarios. For years six to ten the Group applies phased transition assumptions, arriving at a view of long-run averages from year eleven onwards; the Group's view of long-run averages can differ from the historical long-term mean and is derived by reference to both external information, where this is publicly available and appropriate, and internally generated views. As noted above, the assumptions assigned to each scenario have been revised during the period taking account of significant economic uncertainties.

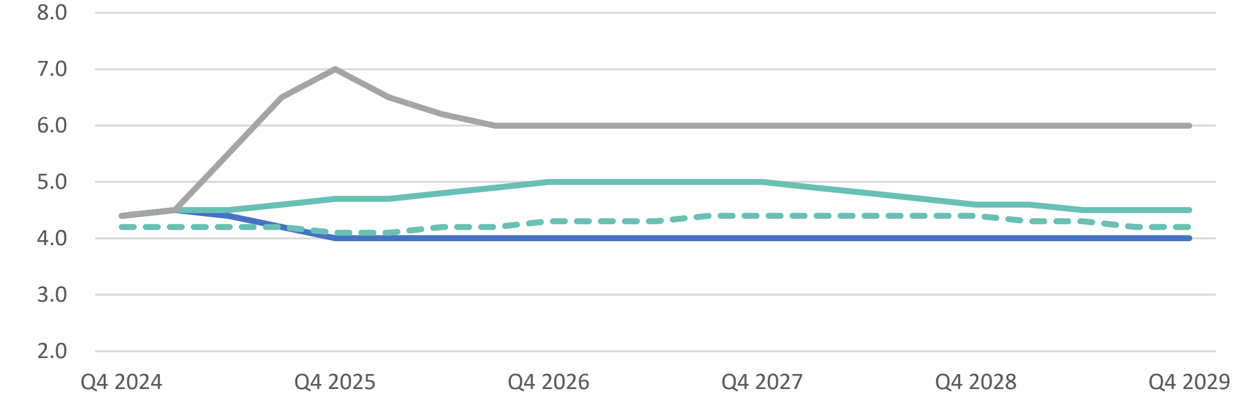
1. Introduction (continued)

The graphs below show the historical and forecasted bank base rate, unemployment rate and indexed residential house prices for the Group's three economic scenarios, along with the prior year central scenario for context (as forecasted at 31 December 2024). The indexed residential house price graph uses a starting value of 100 in the fourth quarter of 2024 for illustrative purposes, to show how a property value moves over time when the annual house price inflation (UK) assumptions are applied:

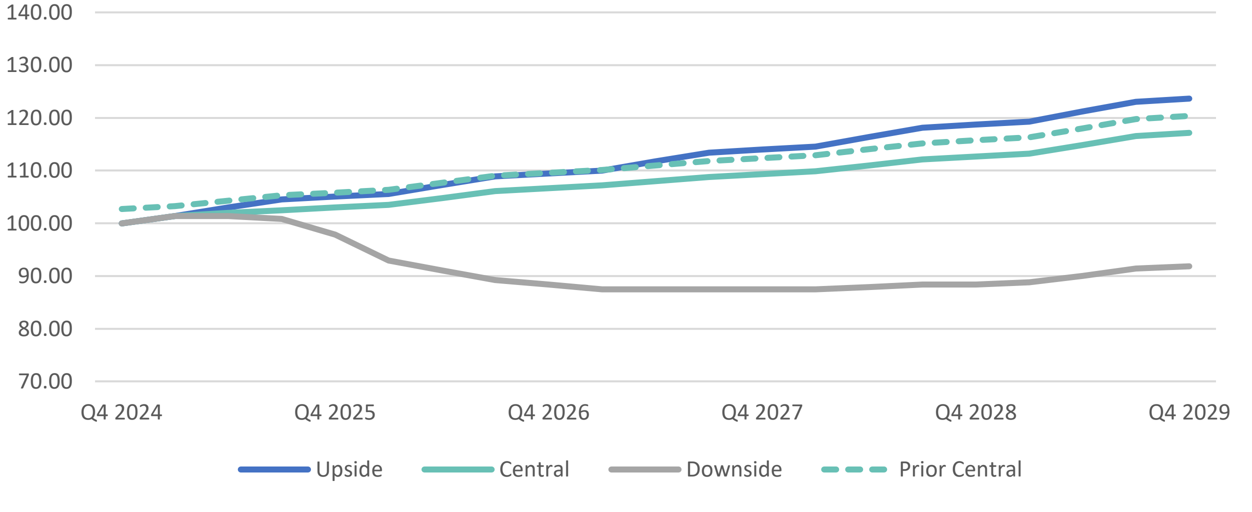
UK Bank Base Rate (%)



Unemployment Rate (%)



Indexed residential house price



1. Introduction (continued)

Economic Variables

Unaudited as at 30.06.25	Scenario	2025	2026	2027	2028	2029
Bank of England base rate (%) (Note A)	Upside	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**
	Central	**3.75**	**3.50**	**3.50**	**3.50**	**3.50**
	Downside	**5.50**	**6.00**	**5.25**	**5.00**	**5.00**
Unemployment (%) (Note A)	Upside	**4.0**	**4.0**	**4.0**	**4.0**	**4.0**
	Central	**4.7**	**5.0**	**5.0**	**4.6**	**4.5**
	Downside	**7.0**	**6.0**	**6.0**	**6.0**	**6.0**
UK house price inflation (%) (Note B)	Upside	**5.1**	**4.2**	**4.2**	**4.2**	**4.2**
	Central	**3.0**	**3.5**	**2.5**	**3.0**	**4.0**
	Downside	**(2.2)**	**(9.7)**	**(1.0)**	**1.0**	**4.0**

Unaudited as at 30.06.24	Scenario	2024	2025	2026	2027	2028
Bank of England base rate (%) (Note A)	Upside	3.50	3.50	3.50	3.50	3.50
	Central	4.75	3.75	3.75	3.75	3.75
	Downside	5.50	2.50	2.00	2.00	2.00
Unemployment (%) (Note A)	Upside	4.1	4.0	4.0	4.0	4.0
	Central	5.0	5.0	5.0	4.7	4.1
	Downside	9.0	7.2	6.6	6.0	6.0
UK house price inflation (%) (Note B)	Upside	4.2	4.2	4.2	4.2	4.2
	Central	1.0	2.5	3.0	3.0	3.0
	Downside	(15.6)	1.9	4.0	4.0	4.0

1. Introduction (continued)

Economic Variables (continued)

Audited as at 31.12.24	Scenario	2025	2026	2027	2028	2029
Bank of England base rate (%) (Note A)	Upside	3.50	3.50	3.50	3.50	3.50
	Central	4.00	3.75	3.75	3.75	3.75
	Downside	6.00	6.00	5.00	5.00	5.00
Unemployment (%) (Note A)	Upside	4.0	4.0	4.0	4.0	4.0
	Central	4.1	4.3	4.4	4.4	4.2
	Downside	6.7	6.0	6.0	6.0	6.0
UK house price inflation (%) (Note B)	Upside	4.2	4.2	4.2	4.2	4.2
	Central	3.0	3.5	2.5	3.0	4.0
	Downside	(1.0)	(11.5)	(1.0)	1.0	4.0

Notes

A. The Bank of England base rates and unemployment rates are the positions as at 31 December each year. Unemployment is presented on an International Labour Organisation (ILO) basis.

B. House price inflation (HPI) is the annual growth rate in each year. In addition to HPI, the Group's residential impairment calculations include a 'forced sale discount' reflecting the likely reduction in property price when selling a repossessed property. The forced sale discount is calculated at account level, taking into account the specific circumstances of each account and the property in question.

Economic variables (peak or trough over 5 year forecast period)

	Scenario	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Bank of England base rate (%) (Note A)	Upside	**3.00 / 4.75**	3.50 / 4.75	3.50 / 4.25
	Central	**3.50 / 4.75**	3.75 / 5.25	3.75 / 4.75
	Downside	**4.50 / 6.00**	2.00 / 6.50	4.75 / 6.00
Unemployment (%) (Note B)	Upside	**4.5**	4.1	4.1
	Central	**5.0**	5.0	4.4
	Downside	**7.0**	9.0	7.0
UK house price inflation (%) (Note C)	Upside	**23.6 / 0.0**	22.6 / (0.7)	22.6 / 0.0
	Central	**17.2 / 0.0**	13.3 / (0.7)	17.2 / 0.0
	Downside	**1.4 / (12.5)**	0.0 / (16.0)	0.0 / (13.3)

Notes

A. For Bank of England base rate is shown the lowest/highest rate that occurs at any time during the 5 year forecast period.

B. For unemployment is shown the highest rate that occurs at any time during the 5 year forecast period.

C. For house price inflation is shown the largest cumulative growth/fall from 1 January 2025 (30 June 2024: from 1 January 2024; 31 December 2024: from 1 January 2025) over the 5 year forecast period.

1. Introduction (continued)

The relative weightings assigned to each scenario have also been reviewed during the period taking into account the basis of each scenario and also the level of uncertainty over the economic outlook, both domestic and global. The Group's scenario weightings as at 30 June 2025 are 60% for the central scenario, 10% for the upside scenario and 30% for the downside scenario (30 June 2024: central scenario 55%, upside scenario 10%, downside scenario 35%; 31 December 2024: central scenario 60%, upside scenario 10%, downside scenario 30%).

Whilst actual loan cash flows and the level of losses realised are unaffected by IFRS 9's expected credit loss approach, the level of loan impairment accounted for by the Group under IFRS 9 can be volatile; this is due to the inherent uncertainty when incorporating forward-looking information. IFRS 9 impairment is expected to vary as expectations of economic conditions become either more pessimistic (which is likely to increase ECLs) or more optimistic (which is likely to reduce ECLs).

The estimation of credit exposures for risk management purposes is complex and requires the use of models, a number of inputs into which are sources of estimation and require the Group to apply judgement. Key sources of estimation and judgement the Group uses to measure credit risk include Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

For residential mortgages, ECLs are measured by multiplying together the PD, EAD and LGD, and are discounted using the loan's original effective interest rate. EAD is derived by adjusting the current outstanding loan amount for expected cashflows to the date of default. LGD is estimated on a discounted cash flow basis using the effective interest rate. The Group's LGD models consider factors including historical recovery rates and possible future property price changes.

For commercial loans, the Group applies a Loss Rate method to measure ECLs; 12-month and lifetime loss rates are calculated based on the Group's average commercial losses since closure of the portfolio in 2008. Management considers the most critical estimates and assumptions to be the lifetime loss rate and any account-specific impairment based on management judgement.

Management assesses the performance of the Group's ECL estimation process by comparison of actual and expected model outputs; some component outputs are back-tested for lifetime outcomes and some component outputs are back-tested for 12-month outcomes. Additional assurance is gained from validation of the composite sub-models. The ECL calculation is subject to formal quarterly monitoring, with outputs reported to the Society's Model Risk Committee for review, challenge and approval. In addition, the ECL calculation and all sub-components are subject to regular first-line review and independent validation. Where necessary, judgmental adjustments are included within ECLs to reflect identified risks not captured in model outputs; these adjustments are made through either:

- Post-model adjustments (PMAs) – adjustments to the ECL model output which are typically calculated, and allocated, at a granular level through modelled analysis; or
- Overlays – adjustments to the ECL model output that have been made outside the detailed ECL calculation and reporting process; overlays are likely not to meet the definition of PMAs (for example, they may not be calculated at a granular level through modelled analysis).

Each material judgmental adjustment is subject to review and challenge by the Society's Loan Impairment Working Group, subject to approval by the Retail Credit Committee and subject to oversight by the Board Audit Committee.

1. Introduction (continued)

With respect to mortgage loan impairment, the Group held judgmental adjustments as follows:

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Residential mortgages			
Model Risk - downturn (Note A)	**2.2**	2.9	1.3
Model Risk – base rate (Note B)	**-**	2.6	-
Affordability (Note C)	**-**	1.7	-
Flats subject to fire safety risks (Note D)	**1.8**	1.0	1.4
	4.0	8.2	2.7
Commercial loans			
Other	**0.3**	-	-
Total	**4.3**	8.2	2.7

Notes

A. This PMA is held to address model risk in the downturn scenario where key assumptions are expected to behave differently in a recession; there is currently insufficient data available to establish, and thus to model, robust relationships for these assumptions. The PMA was derived by considering the reduction in redemption rates and reduction in cure rates (following default) as observed during the global financial crisis 2007-2008; these were applied to the model, on a judgement basis, to understand the impact to model outputs.

B. This PMA was previously held to address the risk of delayed default emergence where there is a time lag before mortgage customers feel the impact of base rate rises. The PMA was derived by assessing the impact on model outputs of applying a time lag to the inputted base rate assumptions. Based on updated economic assumptions and the results of model monitoring, this PMA was released during the second half of 2024. Whilst the potential risk of increased default emergence remains, management considers this risk to be adequately captured by the Group's ECL models; no PMA is therefore held at 30 June 2025.

C. This PMA was previously held to address the risk of delayed default emergence due to the impact of the higher inflationary environment on mortgage affordability. Based on the results of model monitoring, this PMA was released during the second half of 2024. Whilst the potential risk of increased default emergence remains, management considers this risk to be adequately captured by the Group's ECL models; no PMA is therefore held at 30 June 2025.

D. This PMA is held to reflect the risks associated with flats subject to fire safety risks such as unsuitable cladding. Due to limited available data to identify affected properties individually, an assumption is made, in line with UK market exposure estimates, regarding the affected proportion of flats in the Group's residential portfolio; assumptions relating to the property values have also been applied.

1. Introduction (continued)

To give an indication of the sensitivity of ECLs to different economic scenarios, the tables below show what the ECL would be if a 100% weighting is applied to each scenario. The tables also show for each scenario what percentage share of gross loan exposures would be held in each of Stage 1 and Stage 2.

Unaudited as at 30.06.25	Scenario weighting (%)			ECL (£m) (Note A)				Share of gross exposures (%) (Note B)	
	Upside	Central	Downside	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Residential									
Actual probability weighted ECL	10	60	30	6.7	4.1	7.0	17.8	98.1	1.5
100% upside	100	-	-	1.9	1.6	5.3	8.8	98.4	1.2
100% central	-	100	-	2.6	2.2	5.7	10.5	98.3	1.3
100% downside	-	-	100	10.5	11.0	11.6	33.1	96.6	3.0
Commercial									
Actual probability weighted ECL	10	60	30	0.5	0.2	4.8	5.5	81.4	4.9
100% upside (Notes C and D)	100	-	-	0.5	0.2	4.8	5.5	81.4	4.9
100% central (Notes C and D)	-	100	-	0.5	0.2	4.8	5.5	81.4	4.9
100% downside (Notes C and D)	-	-	100	0.5	0.2	4.8	5.5	81.4	4.9

Unaudited as at 30.06.24	Scenario weighting (%)			ECL (£m) (Note A)				Share of gross exposures (%) (Note B)	
	Upside	Central	Downside	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Residential									
Actual probability weighted ECL	10	55	35	10.9	3.9	6.9	21.7	98.3	1.4
100% upside	100	-	-	3.5	1.5	5.0	10.0	98.5	1.2
100% central	-	100	-	5.6	2.4	5.7	13.7	98.4	1.3
100% downside	-	-	100	21.0	7.5	9.5	38.0	97.7	2.0
Commercial									
Actual probability weighted ECL	10	55	35	0.2	0.2	4.8	5.2	83.8	5.4
100% upside (Notes C and D)	100	-	-	0.2	0.2	4.8	5.2	83.8	5.4
100% central (Notes C and D)	-	100	-	0.2	0.2	4.8	5.2	83.8	5.4
100% downside (Notes C and D)	-	-	100	0.2	0.2	4.8	5.2	83.8	5.4

1. Introduction (continued)

Audited as at 31.12.24	Scenario weighting (%)			ECL (£m) (Note A)				Share of gross exposures (%) (Note B)	
	Upside	Central	Downside	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2
Residential									
Actual probability weighted ECL	10	60	30	4.5	2.5	6.5	13.5	98.5	1.1
100% upside	100	-	-	2.2	1.1	4.7	8.0	98.6	1.0
100% central	-	100	-	2.7	1.3	5.0	9.0	98.6	1.0
100% downside	-	-	100	8.1	5.4	8.6	22.1	98.2	1.4
Commercial									
Actual probability weighted ECL	10	60	30	0.2	0.2	4.3	4.7	82.2	5.2
100% upside (Notes C and D)	100	-	-	0.2	0.2	4.3	4.7	82.2	5.2
100% central (Notes C and D)	-	100	-	0.2	0.2	4.3	4.7	82.2	5.2
100% downside (Notes C and D)	-	-	100	0.2	0.2	4.3	4.7	82.2	5.2

Notes

A. For the purposes of calculating each scenario's 100% weighted ECL, each loan is allocated to a stage by considering only that scenario. For the purposes of the actual probability-weighted ECL, each loan's stage allocation is based on a weighted average PD (that takes account of all scenarios) and this stage allocation is held constant across the scenarios; a probability-weighted 12-month or lifetime ECL (which also takes account of all scenarios) is then calculated for each loan based on that stage allocation.

B. For the purposes of this analysis, gross exposures include the off-balance sheet loan commitments for which the Group holds ECLs (see Note 1h) to the 2024 Annual Report and Accounts).

C. For the Commercial portfolio, the staging of balances is driven by factors that do not include scenario weightings (such as arrears and sector factors); the share of gross exposures held in each stage does not therefore vary according to scenario weightings.

D. For the Commercial portfolio, the Group applies a Loss Rate approach to assessing impairment (see Note 1h) to the 2024 Annual Report and Accounts). Under this approach, commercial ECLs do not vary according to scenario weightings.

1. Introduction (continued)

The tables below outline the impact on the impairment loss allowance for the residential and commercial loan portfolios of possible alternative assumptions of certain estimates used in calculating the ECLs. Each sensitivity shown considers one change in isolation and the combined impact on the impairment loss allowance of more than one sensitivity occurring would not necessarily be the sum of the impact of the individual sensitivities. Similarly, the impacts of each sensitivity should not be extrapolated due to the likely non-linear effects.

Residential

Assumption	Change to current assumption	Increase/(decrease) in impairment loss allowance		
£m		Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Downside scenario weighting (Note A)	Absolute increase of 10%	**1.6**	0.6	0.7
Significant increase in credit risk criteria (Note B)	Relative reduction by 25%	**0.2**	0.1	0.1
Future house price inflation (Note C)	+ / - 0.5% pa	**(0.7) / 0.8**	(0.8) / 0.9	(0.5) / 0.6
Unemployment (Note D)	+ / - 0.5% pa	**0.8 / (0.7)**	1.1 / (1.0)	0.5 / (0.4)

Notes

A. This sensitivity shows the impact of an increase of 10% to the probability weighting assigned to the downside scenario, from 30% to 40% (30 June 2024: from 35% to 45%; 31 December 2024: from 30% to 40%), with a relative decrease to the probability weighting assigned to each of the central and upside scenarios.

B. As outlined on page 38, the assessment of whether credit risk has significantly increased since initial recognition includes the degree by which the remaining lifetime PD at the reporting date has increased compared to initial estimates. This sensitivity shows the impact of simultaneously reducing each multiplier threshold by 25%.

C. This sensitivity shows the impact if annual house price inflation in each future year was 0.5% higher / lower than the assumptions applied by the Group.

D. This sensitivity shows the impact if unemployment rates in each future year were 0.5% higher / lower than the assumptions applied by the Group.

Commercial

Assumption	Change to current assumption	Increase/(decrease) in impairment loss allowance		
£m		Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Lifetime Loss Rate (Note A)	+ / - 1%	**0.1 / (0.1)**	0.2 / (0.1)	0.2 / (0.2)

Notes

A. This sensitivity shows the impact of an increase / decrease of 1% to the Lifetime Loss Rate.

B. The table above does not include a sensitivity for account-specific impairment based on management judgement (see page 38); this element of impairment is, by nature, a discrete assessment for which there is no meaningful or representative variable. At 30 June 2025 the total commercial impairment allowance held by the Group included £4.8m in respect of account-specific impairment based on management judgement (30 June 2024: £4.7m; 31 December 2024: £4.2m).

1. Introduction (continued)

Impairment of treasury assets

The Group incorporates forward-looking information into its ECL assessment for treasury assets. In addition to the central scenario, the Group also considers the impact of an extreme economic downturn such as a two-notch downgrade on the entire portfolio. At 30 June 2025, the relative weightings assigned to each scenario were 95% for the central scenario and 5% for the downside scenario (30 June 2024: central scenario 95%, downside scenario 5%; 31 December 2024: central scenario 95%, downside scenario 5%).

Valuation of equity release portfolio

The valuation of the equity release portfolio relies on the calculation of future cash flows. The size and timing of these can vary depending on a number of different factors. These factors include future expected house prices, future expected inflation, mortality rates, anticipated redemption profiles (arising due to voluntary redemption, death or a move to long-term care) and market driven yield curves.

Some of the factors are based on market expectations (e.g. market-implied RPI swap prices are used to construct a forward-looking inflation curve in order to forecast future expected cash flows receivable from the portfolio), whilst others are derived from historical trends on the portfolio (e.g. anticipated future voluntary redemptions). However, where market prices are not available and historical trends are not deemed to be appropriate the Group uses management judgement; this is the case for future house price index (HPI) growth and property price volatility. Management has reviewed these expectations during the period with due consideration to the uncertainties in the current economic environment.

The expectations of the economic inputs that require management judgement are in line with the economic environment that forms the central scenario as outlined on page 39. As at 30 June 2025, the fair value of the equity release portfolio was £271.6m (30 June 2024: £285.9m; 31 December 2024: £277.2m); further detail on the movements in the portfolio in the period can be found in Note 14.

The following table outlines the impact of reasonably possible alternative assumptions of key inputs which rely on management judgement and are not market observable.

Assumption	Change to current assumption	(Decrease)/increase in fair value of portfolio		
£m		Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Redemption rates	**+ / - 1% pa**	**(0.1) / 0.1**	(0.9) / 1.0	(0.4) / 0.5
Illiquidity premia	**+ / - 0.2%**	**(4.1) / 4.2**	(4.7) / 4.8	(4.3) / 4.4
HPI forecast	**+ / - 0.5% pa**	**3.7 / (4.0)**	4.6 / (4.9)	4.0 / (4.3)
Property volatility	**+ / - 1%**	**(2.6) / 2.5**	(2.9) / 2.8	(2.6) / 2.6
RPI volatility	**+ / - 0.5% pa**	**(0.6) / 0.3**	(1.2) / 0.9	(1.0) / 0.6

For each of the above sensitivities there would be a corresponding charge / credit to the Income Statement, within the line 'Fair value gains on financial instruments mandatorily held at FVTPL', arising from the decrease / increase in the fair value of the portfolio.

The sensitivities are calculated by comparing the fair value of the portfolio, as reported within the Statement of Financial Position, to the value of the portfolio at the reporting date when each input is adjusted as listed above, as per the valuation model. Each sensitivity shown considers one change in isolation and the combined impact on the valuation of the portfolio of all sensitivities occurring would not necessarily be the sum of the impact of the individual sensitivities.

Analysis has been undertaken to identify the impact of climate-related risks on the Group's equity release portfolio. This includes scenario analysis assessing the potential impact of alternative paths for the key inputs of the HPI forecast and yield curves. It also includes analysis looking at the specific characteristics of the equity release loan book, including modelled data on property specific risks. The results of these assessments

1. Introduction (continued)

remain unchanged as at 30 June 2025. The future impact of climate-related risks on the Group's equity release portfolio is uncertain, and the Group will continue to monitor developments in future periods.

The Group holds derivative financial instruments to hedge the movements in the equity release portfolio, which offsets to some extent movements in the valuation of the portfolio, further details of which are found below.

Derivative financial instruments

The Group holds derivatives which are used to hedge the Group's interest rate risk and inflation risk arising from the equity release portfolio. These derivatives are valued using discounted cash flow models using market observable benchmark rates consistent with accepted market methodologies for pricing financial instruments, and, as the notional values of the derivatives are intended to match the balance of the underlying mortgage assets, also include estimated redemption profiles (arising where a customer voluntarily prepays, moves permanently into long-term care or has died) that are based on historical data (reviewed periodically against actuals) and published mortality tables. These redemption profiles are not market observable; an element of management judgement is therefore applied based on historical performance of redemptions.

In order to value these derivatives, the Group uses market-implied RPI swap prices to construct a forward-looking inflation curve to forecast future expected cash flows relating to these derivatives. The model used to value the derivatives incorporates multiple scenarios for RPI in order to take account of the uncertainty and volatility of future RPI rates. The range of multiple scenarios used is based on management judgement and so is not market observable. The Group has robust control procedures in place regarding the inputs to the valuation that are based on management judgement.

The effect on the fair value of these derivatives of reasonably possible alternative assumptions is outlined below.

Assumption	Change to current assumption	(Decrease) / increase in liability		
£m		Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Redemption rates (Note A)	+ / - 1% pa	**(0.0) / 0.0**	(1.3) / 1.4	(0.6) / 0.6
RPI volatility (Note A)	+ / - 0.5% pa	**(1.4) / 1.0**	(2.4) / 2.0	(2.0) / 1.5

Note

A. There would be a corresponding charge / credit to the Income Statement within the line 'Fair value gains on financial instruments mandatorily held at FVTPL', arising from the decrease / increase in the fair value of the derivative liabilities.

Any change in fair value of the derivative liabilities is offset to some extent by a corresponding but opposite change in the value of the equity release portfolio. The characteristics and the valuation requirements differ slightly between the derivatives and the equity release portfolio resulting in the changes in fair value not offsetting completely.

Goodwill

The carrying value of goodwill is assessed against value in use calculations. The key assumptions for the value in use calculations are those regarding cash flows, discount rates and growth rates. These assumptions are reviewed on a regular basis, at least at every reporting date, by senior management.

The forecasted cash flows of the cash generating units (CGUs) are based on the latest detailed five-year corporate plans available and are sensitive to, inter alia, assumptions regarding the long-term growth pattern thereafter. The cash flows reflect management's view of future business prospects at the time of the assessment, which take into account management's most recent view of key economic indicators as well as wider prevailing circumstances. The key drivers of these cash flows are set out in Note 24 to the 2024 Annual Report and Accounts.

1. Introduction (continued)

Profit and cash flow forecasts are subject to inherent uncertainties, such as the impacts of physical and transition risks of climate change on the creditworthiness of borrowers, asset values, and other indirect effects including the erosion of the Group's competitiveness, profitability, or reputation.

The discount rate used to discount the future expected cash flows is based on the cost of capital assigned to each reportable segment for which goodwill has been allocated and can have a significant effect on the underlying valuation. The cost of capital is derived from a weighted average cost of capital calculation which incorporates a number of inputs including the risk-free interest rate and a premium to reflect the inherent risk of the business being evaluated. These variables are subject to fluctuations in external markets and economic conditions which are not within management control; these inputs are therefore determined on the basis of management judgement. The pre-tax discount rates estimated by the Group are set out below:

Operating Segment %	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Connells	**16**	20	17
Other	**11 – 12**	11 - 12	12

For goodwill and brands held by the Group, the impairment assessment is typically carried out at the operating segment level. For each segment to which goodwill and brands are allocated, the impairment test compares the carrying value against the segment's recoverable amount. The segment's recoverable amount is determined as the higher of a) its fair value less costs to sell and b) its value in use; value in use is determined by discounting the forecast future cash flows of the segment to present value. With respect to goodwill and brands held by the Group, management's assessment as at 30 June 2025 indicates there is significant headroom in relation to all CGUs; no reasonably possible alternative assumptions relating to any of the key inputs used would result in impairment.

Other intangible assets

Other intangible assets such as computer software, databases, brands and customer contracts are regularly reviewed for indicators of impairment. Brands, which are regarded to have an indefinite life and are therefore not amortised, are tested for impairment at the end of each reporting period (or when there is an indication of impairment), using a similar methodology as described above for goodwill.

Brands are held by the Estate Agency division and are judged by management to have an indefinite life. Management considers that the brands held have long and successful histories and have shown their ability to adapt to changing market trends. Further, continued investment in the brands by Connells helps to protect their value.

Where brands exist, the impairment test compares the carrying amount of the CGU (which comprises the CGU's net assets, plus any brands relating to that CGU and any goodwill allocated to that CGU) against its recoverable amount. Recoverable amount is determined as the higher of its fair value less costs to sell and its value in use.

As described above, the key assumptions for the value in use calculations are those regarding cash flows, discount rates and growth rates. These assumptions are reviewed on a regular basis, at least at every reporting date, by senior management and further detail is provided above.

Other intangible assets, which are regarded to have a finite life, are tested for impairment whenever there is an indication that the intangible asset may be impaired.

As at 30 June 2025 no impairment was recognised against other intangible assets (30 June 2024: no impairment; 31 December 2024: £0.7m).

1. Introduction (continued)

Valuation of loan to defined benefit pension scheme

The Group holds a loan to the Skipton Building Society (2015) Group Pension Scheme, as described in Note 17, which is classified as a financial asset at fair value through profit or loss (FVTPL). The loan does not meet the "solely payments of principal and interest" (SPPI) test under IFRS 9 due to prepayment features that are contractually linked to the maturity and value of specific illiquid assets held by the scheme. Accordingly, the loan is measured at fair value in accordance with IFRS 13.

As the loan is not traded in an active market and contains significant unobservable inputs, it is classified as a Level 3 instrument in the fair value hierarchy. The fair value of this loan is determined by discounting future expected cash flows.

The valuation of the loan to defined benefit pension scheme is dependent upon the estimation of future cash flows, the amount and timing of which can vary according to a number of different factors. These factors include the timing of future cash flows expected from the maturities of illiquid assets held by the scheme; estimated prepayment amounts, determined by available proceeds upon asset maturity; a credit-adjusted discount rate, incorporating an illiquidity premium and the Scheme's credit characteristics.

The following table outlines the impact of reasonably possible alternative assumptions of key inputs which rely on management judgement and are not market observable:

Assumption	Change to current assumption	(Decrease)/increase in fair value of loan
£m		Unaudited as at 30.06.25
Discount rate (Note A)	**+ / - 1% pa**	**(0.1) / 0.1**
Value of illiquid assets (Note A)	**+ / - 10% expected proceeds**	**1.2 / (1.2)**

Note

A. There would be a corresponding charge / credit to the Income Statement within the line 'Fair value gains on financial instruments mandatorily held at FVTPL', arising from the decrease / increase in the fair value of the loan.

1. Introduction (continued)

d) Going concern

The Group's business activities, together with its financial position, capital resources and the factors likely to affect its future development and performance, are set out in the Financial Review on pages 10 to 17.

In common with many financial institutions, the Group meets its day-to-day liquidity requirements through managing both its retail and wholesale funding sources, and is required to maintain a sufficient buffer over regulatory capital requirements in order to continue to be authorised to carry on its business. In assessing the Group's going concern status the Directors also consider risks from business activities, market changes and economic factors, such as the significant uncertainties arising from continuing geopolitical tensions and conflicts, which may affect future performance and financial position, together with the implication of principal risks including technology and cyber risk and operational resilience. Updates to these principal risks can be found in the 'Principal and Emerging Risks and Uncertainties' section of this half-yearly report.

The Group's forecasts and objectives, taking into account a number of potential changes in trading performance and funding retention, show that the Group should be able to operate at adequate levels of both liquidity and capital for the foreseeable future. Consequently, after reviewing the Group's latest forecasts and the updated key risks it faces, the Directors are satisfied that there are no material uncertainties that may cast significant doubt over the Group's ability to continue as a going concern for the foreseeable future, a period of at least 12 months from the date of this report. Accordingly, the Group continues to adopt the going concern basis in preparing the half-yearly financial report.

The Directors' Report in the 2024 Annual Report and Accounts included a statement of longer-term viability, which stated that the Directors had a reasonable expectation that the Group would be able to continue in operation until at least the end of 2029. Having considered various options, the Directors determined that a five year period is an appropriate period for the purposes of the Group's viability statement; this period reflects the Group's five year corporate planning horizon over which the prospects of the Group and the principal risks threatening these prospects are assessed, and also the period over which associated stress testing is performed.

e) Business combinations

During the period, Connells, as part of its continued commitment to strategic expansion, completed several acquisitions, including three individually material acquisitions and eight further minor acquisitions that were individually and collectively immaterial. These transactions have been accounted for using the acquisition method under IFRS 3 *Business Combinations*.

The information disclosed reflects the best estimates available at the reporting date; valuations of certain assets and liabilities are provisional and subject to finalisation.

The three material acquisitions have in aggregate contributed £7.1m to Group revenue and £0.3m to Group profit before tax during the period to 30 June 2025.

Associated transaction costs of £0.5m were incurred in relation to these acquisitions. These costs were expensed to the Income Statement as incurred and are included within 'Administrative expenses'.

Individually material acquisitions

Ryden LLP

On 2 April 2025, Connells acquired 75% membership interest in Ryden LLP, a commercial property agency, for total cash consideration of £12.9m; obtaining control in accordance with the LLP agreement and IFRS 10 *Consolidated Financial Statements*.

Of the total consideration, £5.4m was paid in the period, with an element deferred / contingent, payable in three annual instalments:

- The first anniversary payment of £2.8m has no conditions attached, and as such is deferred consideration;
- the second and third anniversary payments include clauses for potential deductions based on hitting revenue and margin targets, and as such are considered contingent consideration, totalling £4.7m.

1. Introduction (continued)

The acquisition has been accounted for as a business combination under IFRS 3, as Ryden LLP operates as an integrated set of activities capable of generating output.

The table below sets out the provisional fair values of the identifiable assets and liabilities acquired. In accordance with IFRS 3 *Business Combinations*, the acquisition accounting is subject to finalisation within 12 months of the acquisition date.

£m	Book value at 2 April 2025	Fair value adjustments	Accounting policy adjustments	Fair value at 2 April 2025
Assets				
Loans and advances to credit institutions (Note A)	2.6	-	-	**2.6**
Trade and other receivables (Note B)	6.2	-	-	**6.2**
Property, plant and equipment (Note C)	0.1	0.9	-	**1.0**
Intangible assets (Note D)	-	3.1	-	**3.1**
Total assets	8.9	4.0	-	**12.9**
Liabilities				
Trade and other payables	2.7	(0.1)	-	**2.6**
Provisions	0.1	-	-	**0.1**
Deferred tax liabilities (Note E)	-	0.8	-	**0.8**
Lease liabilities (Note F)	-	1.1	-	**1.1**
Total liabilities	2.8	1.8	-	**4.6**
Net assets / (liabilities)	6.1	2.2	-	**8.3**

Fair value of net assets	**8.3**
Non-controlling interest (25%)	**(2.1)**
Goodwill arising on acquisition (Note G)	**6.6**
Total consideration	**12.8**

Notes

A. With respect to 'Loans and advances to credit institutions', amounts acquired on 2 April 2025 of £2.6m includes cash and cash equivalents of £2.6m.

B. Receivables acquired were recognised at fair value based on expected recoverability.

C. The fair value adjustment of £0.9m relates to right-of-use assets (see Note F below).

D. The total fair value of intangible assets represents amounts in respect of brands and customer contracts and relationships. The fair value adjustments totalling £3.1m reflect management's assessments, using methodologies that are in line with industry best practice.

E. The fair value adjustment of £0.8m relates to the deferred tax impact of amounts recognised at acquisition in respect of intangible assets (see note D above).

F. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition, resulting in a fair value adjustment to increase lease liabilities by £1.1m. The related right-of-use assets were measured at an amount equal to the lease liabilities, adjusted for prepaid rent. This resulted in fair value adjustments to increase right-of-use assets by £0.9m (per Note C above).

G. The goodwill reflects synergies, the acquired workforce, new geographical locations and business expertise; of which none is deductible for tax purposes.

1. Introduction (continued)

Stiles Harrold Williams LLP (SHW LLP)

On 2 April 2025, Connells acquired 75% membership interest in SHW LLP, a real estate advisory business, for total cash consideration of £17.2m; obtaining control in accordance with the LLP agreement and IFRS 10.

Of the total cash consideration, £6.4m was paid in the period, with an element deferred / contingent, payable in three annual instalments:

- The first anniversary payment of £3.8m has no conditions attached, and as such is deferred consideration;
- the second and third anniversary payments include clauses for potential deductions based on hitting revenue and margin targets, and as such are considered contingent consideration, totalling £7.0m.

The acquisition has been accounted for as a business combination under IFRS 3, as SHW LLP operates as an integrated set of activities capable of generating output.

The table below sets out the provisional fair values of the identifiable assets and liabilities acquired. In accordance with IFRS 3 *Business Combinations*, the acquisition accounting is subject to finalisation within 12 months of the acquisition date.

£m	Book value at 2 April 2025	Fair value adjustments	Accounting policy adjustments	Fair value at 2 April 2025
Assets				
Loans and advances to credit institutions (Note A)	3.7	-	-	**3.7**
Trade and other receivables (Note B)	2.6	-	(0.5)	**2.1**
Property, plant and equipment (Note C)	0.4	1.5	-	**1.9**
Intangible assets (Note D)	-	4.1	-	**4.1**
Total assets	6.7	5.6	(0.5)	**11.8**
Liabilities				
Trade and other payables	2.8	-	(0.2)	**2.6**
Provisions	0.1	-	0.1	**0.2**
Deferred tax liabilities (Note E)	-	1.0	-	**1.0**
Lease liabilities (Note F)	-	1.5	-	**1.5**
Total liabilities	2.9	2.5	(0.1)	**5.3**
Net assets / (liabilities)				**6.5**
Fair value of net assets				**6.5**
Non-controlling interest (25%)				**(1.6)**
Goodwill arising on acquisition (Note G)				**12.3**
Total consideration				**17.2**

Notes

A. With respect to 'Loans and advances to credit institutions', amounts acquired on 2 April 2025 of £3.7m includes cash and cash equivalents of £3.7m.

B. Receivables acquired were recognised at fair value based on expected recoverability. The accounting policy adjustment of £(0.5)m is to align with the Group's policy on revenue recognised over time and achievement of performance obligations.

C. The fair value adjustment of £1.5m relates to right-of-use assets (see Note F below).

D. The total fair value of intangible assets represents amounts in respect of brands and customer contracts and relationships. The fair value adjustments totalling £4.1m reflect management's assessments, using methodologies that are in line with industry best practice.

1. Introduction (continued)

Notes *(continued)*

E. The fair value adjustment of £1.0m relates to the deferred tax impact of amounts recognised at acquisition in respect of intangible assets (see note D above).

F. The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition, resulting in a fair value adjustment to increase lease liabilities by £1.5m. The related right-of-use assets were measured at an amount equal to the lease liabilities, resulting in fair value adjustments to increase right-of-use assets by £1.5m (per Note C above).

G. The goodwill reflects synergies, the acquired workforce, new geographical locations and business expertise; of which none is deductible for tax purposes.

Aspire Estate Agents Limited

On 29 May 2025, Connells acquired the entire share capital, and took control, of Aspire Estate Agents Limited and its subsidiary undertakings; an estate agency business based in London.

- Total cash consideration: £6.3m – of which £6.1 was paid in the period, with £0.2m deferred, to be assessed in 12 months-time; subject to the retention of lettings units
- Recognised amounts of identifiable assets acquired and liabilities assumed:
  - Assets: £5.7m
  - Liabilities £2.2m
- Goodwill recognised: £2.8m – of which none is deductible for tax purposes

The goodwill reflects synergies, the acquired workforce, new geographical locations and business expertise.

Given the proximity of the acquisition to the half year, the acquired book values are still being finalised and are therefore not presented here. In accordance with IFRS 3 *Business Combinations*, the acquisition accounting is subject to finalisation within 12 months of the acquisition date.

2. Other information

The half-yearly financial information set out in this announcement is unaudited and does not constitute statutory accounts within the meaning of section 81A of the Building Societies Act 1986 (the Act).

The financial information in respect of the year ended 31 December 2024 has been extracted from the audited 2024 Annual Report and Accounts, which have been filed with the Financial Conduct Authority.

The Independent Auditor's Report on the 2024 Annual Report and Accounts was unqualified and it did not draw attention to any matters by way of emphasis nor contain any statement under section 79(6) of the Act.

A copy of this half-yearly financial report has been placed on the website of Skipton Building Society. The Directors are responsible for the maintenance and integrity of information on the Society's website. Copies of the 2024 Annual Report and Accounts and this half-yearly financial report are available at www.skipton.co.uk/about-us/financial-results.

Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The half-yearly financial report for the six months ended 30 June 2025 was approved by the Board of Directors on 31 July 2025.

3. Interest receivable and similar income

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
On financial assets held at amortised cost:			
On loans fully secured on residential property	**677.5**	565.7	1,207.2
On other loans and advances	**12.7**	13.3	26.9
On other liquid assets	**47.6**	78.5	140.9
	737.8	657.5	1,375.0
On financial assets held at FVOCI:			
On debt securities	**92.3**	82.6	178.6
On financial instruments held at FVTPL:			
Net income on derivative financial instruments held to hedge assets in qualifying hedge accounting relationships	**153.7**	285.6	516.2
Interest receivable accounted for using effective interest rate method	**983.8**	1,025.7	2,069.8
On financial instruments held at FVTPL:			
On loans and advances to customers	**-**	-	0.1
On equity release portfolio	**10.8**	9.7	19.4
Net (expense) / income on derivative financial instruments held to hedge assets in non-qualifying hedge accounting relationships	**(2.1)**	6.5	13.0
Other interest and similar income	**8.7**	16.2	32.5
Total interest receivable and similar income	**992.5**	1,041.9	2,102.3

4. Interest payable and similar charges

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
On financial liabilities held at amortised cost:			
On shares held by individuals	**532.0**	523.6	1,081.7
On shares held by others	**4.9**	4.1	8.7
On subscribed capital	**2.2**	2.2	4.5
On deposits and other borrowings:			
Subordinated liabilities	**14.6**	14.7	29.6
Wholesale and other funding	**142.9**	164.4	322.9
Lease liabilities	**2.0**	1.4	3.1
	698.6	710.4	1,450.5
On financial instruments held at FVTPL:			
Net expense on derivative financial instruments held to hedge liabilities	**39.8**	92.7	163.4
Finance credit on put option liability	**(0.2)**	(0.1)	-
Total interest payable and similar charges	**738.2**	803.0	1,613.9

5. Fees and commissions receivable

The tables below provide information regarding the nature, amount and timing of fees and commissions receivable.

Unaudited 6 months to 30.06.25 £m	Products and services transferred at a point in time	Products and services transferred over time	Total
Mortgage origination fees	**54.8**	**-**	**54.8**
Other mortgage related fees	**1.2**	**-**	**1.2**
General insurance income	**38.7**	**0.3**	**39.0**
Commissions earned on property sales	**170.5**	**-**	**170.5**
Commissions earned on property lettings	**81.3**	**45.0**	**126.3**
Commercial property services fees	**23.0**	**27.4**	**50.4**
Survey and valuation fees	**59.7**	**-**	**59.7**
Asset management commission	**12.8**	**0.1**	**12.9**
Conveyancing fees	**35.1**	**-**	**35.1**
Financial advice fees	**17.3**	**-**	**17.3**
Software and consultancy fees	**-**	**8.2**	**8.2**
Factoring and invoice discounting services	**8.2**	**-**	**8.2**
Other fees and commissions	**3.7**	**0.3**	**4.0**
Total fees and commissions receivable	**506.3**	**81.3**	**587.6**

Unaudited 6 months to 30.06.24 £m	Products and services transferred at a point in time	Products and services transferred over time	Total
Mortgage origination fees	34.6	12.7	47.3
Other mortgage related fees	1.0	-	1.0
General insurance income	41.4	0.5	41.9
Commissions earned on property sales	146.0	-	146.0
Commissions earned on property lettings	70.5	49.0	119.5
Commercial property services fees	21.3	21.8	43.1
Survey and valuation fees	55.6	-	55.6
Asset management commission	9.4	0.1	9.5
Conveyancing fees	29.0	-	29.0
Financial advice fees	16.8	-	16.8
Software and consultancy fees	-	8.7	8.7
Factoring and invoice discounting services	7.5	-	7.5
Other fees and commissions	7.2	0.2	7.4
Total fees and commissions receivable	440.3	93.0	533.3

5. Fees and commissions receivable (continued)

Audited 12 months to 31.12.24 £m	Products and services transferred at a point in time	Products and services transferred over time	Total
Mortgage origination fees	97.8	0.4	98.2
Other mortgage related fees	2.1	-	2.1
General insurance income	77.5	1.0	78.5
Commissions earned on property sales	320.4	-	320.4
Commissions earned on property lettings	146.3	101.3	247.6
Commercial property services fees	44.3	47.5	91.8
Survey and valuation fees	112.0	-	112.0
Asset management commission	20.8	0.2	21.0
Conveyancing fees	64.6	-	64.6
Financial advice fees	33.9	-	33.9
Software and consultancy fees	-	16.8	16.8
Factoring and invoice discounting services	15.5	-	15.5
Other fees and commissions	12.6	0.5	13.1
Total fees and commissions receivable	947.8	167.7	1,115.5

The tables below provide a reconciliation of fees and commissions receivable by the Group to the amounts presented by reportable segment in Note 26.

Unaudited 6 months to 30.06.25 £m	Society	SIL	Connells	Other^	Total
Mortgage origination fees	-	-	55.9	(1.1)	**54.8**
Other mortgage related fees	1.1	0.1	-	-	**1.2**
General insurance income	0.3	-	38.7	-	**39.0**
Commissions earned on property sales	-	-	170.5	-	**170.5**
Commissions earned on property lettings (Note A)	-	-	126.3	-	**126.3**
Commercial property services fees	-	-	50.4	-	**50.4**
Survey and valuation fees	-	-	64.5	(4.8)	**59.7**
Asset management commission	-	-	12.9	-	**12.9**
Conveyancing fees	-	-	35.4	(0.3)	**35.1**
Financial advice fees	16.9	-	-	0.4	**17.3**
Software and consultancy fees	-	-	-	8.2	**8.2**
Factoring and invoice discounting services	-	-	-	8.2	**8.2**
Other fees and commissions	-	-	4.3	(0.3)	**4.0**
Fees and commissions receivable	**18.3**	**0.1**	**558.9**	**10.3**	**587.6**
Fees and commissions payable and other income	**2.9**	**-**	**0.1**	**(4.7)**	**(1.7)**
Net non-interest income	**21.2**	**0.1**	**559.0**	**5.6**	**585.9**

^ As noted on page 11 the ‘Other’ category comprises segments that are not separately reportable, together with the impact of Group consolidation adjustments. The Other category therefore includes amounts relating to all Group entities except for the Society, SIL and Connells. Amounts relating to Group consolidation adjustments include the elimination of intra-group transactions such as intercompany fees.

5. Fees and commissions receivable (continued)

Unaudited 6 months to 30.06.24 £m	Society	SIL	Connells	Other	Total
Mortgage origination fees	-	-	48.4	(1.1)	47.3
Other mortgage related fees	0.9	0.1	-	-	1.0
General insurance income	0.5	-	41.4	-	41.9
Commissions earned on property sales	-	-	146.0	-	146.0
Commissions earned on property lettings	-	-	119.5	-	119.5
Commercial property services fees	-	-	42.4	0.7	43.1
Survey and valuation fees	-	-	59.3	(3.7)	55.6
Asset management commission	-	-	9.5	-	9.5
Conveyancing fees	-	-	29.5	(0.5)	29.0
Financial advice fees	16.4	-	-	0.4	16.8
Software and consultancy fees	-	-	-	8.7	8.7
Factoring and invoice discounting services	-	-	-	7.5	7.5
Other fees and commissions	-	-	7.4	-	7.4
Fees and commissions receivable	17.8	0.1	503.4	12.0	533.3
Fees and commissions payable and other income	4.2	-	(0.4)	(4.9)	(1.1)
Net non-interest income	22.0	0.1	503.0	7.1	532.2

Audited 12 months to 31.12.24 £m	Society	SIL	Connells	Other	Total
Mortgage origination fees	-	-	100.6	(2.4)	98.2
Other mortgage related fees	1.9	0.3	-	(0.1)	2.1
General insurance income	1.0	-	77.5	-	78.5
Commissions earned on property sales	-	-	320.4	-	320.4
Commissions earned on property lettings	-	-	247.6	-	247.6
Commercial property services fees	-	-	91.1	0.7	91.8
Survey and valuation fees	-	-	119.4	(7.4)	112.0
Asset management commission	-	-	21.0	-	21.0
Conveyancing fees	-	-	65.6	(1.0)	64.6
Financial advice fees	33.0	-	-	0.9	33.9
Software and consultancy fees	-	-	-	16.8	16.8
Factoring and invoice discounting services	-	-	-	15.5	15.5
Other fees and commissions	0.1	-	13.0	-	13.1
Fees and commissions receivable	36.0	0.3	1,056.2	23.0	1,115.5
Fees and commissions payable and other income	7.9	-	(0.8)	(9.4)	(2.3)
Net non-interest income	43.9	0.3	1,055.4	13.6	1,113.2

6. Fair value gains on financial instruments mandatorily held at FVTPL

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Equity release portfolio (Note 14)	**(4.1)**	(6.9)	(12.6)
Derivatives associated with equity release portfolio (Note 14)	**5.4**	12.5	21.9
Equity share investments	**-**	(0.9)	1.1
Share warrants	**3.5**	3.2	5.9
Put options held by minority shareholders	**(0.2)**	(0.2)	(0.3)
Hedging instruments and hedged items	**0.7**	0.1	2.0
Loan to defined benefit pension scheme (Note 17)	**(1.6)**	-	-
	3.7	7.8	18.0

7. Other operating income

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Realised profits / (losses) on treasury assets held at FVOCI	**0.3**	0.2	(1.8)
Share of profits from joint ventures	**0.9**	0.3	1.4
Other	**1.3**	1.9	3.6
	2.5	2.4	3.2

8. Administrative expenses

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Employee costs:			
Wages and salaries	**401.4**	357.4	746.8
Social security costs	**47.1**	37.8	79.5
Pension costs:			
Defined contribution arrangements	**15.9**	14.0	28.6
	464.4	409.2	854.9
Other administrative expenses	**238.1**	217.2	457.4
	702.5	626.4	1,312.3

9. Impairment and provisions

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Impairment (losses) / credits on loans and advances to customers (Note 10)	**(6.5)**	9.3	17.1
Impairment credits on liquid assets	**0.1**	-	0.1
Realised losses on equity release portfolio (Note 14)	**(0.8)**	(0.8)	(1.8)
Provisions for liabilities (Note 20)	**(0.3)**	(4.5)	(3.7)
	(7.5)	4.0	11.7

10. Impairment on loans and advances to customers

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Charge / (credit) during the period:			
Loans fully secured on residential property	**5.3**	(6.9)	(14.5)
Loans fully secured on land	**0.8**	(2.6)	(2.9)
Other loans and advances	**0.4**	0.2	0.3
	6.5	(9.3)	(17.1)

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Expected credit loss (ECL) allowance at end of period (see Note 13):			
Loans fully secured on residential property	**17.8**	21.7	13.5
Loans fully secured on land	**5.5**	5.2	4.7
Other loans and advances	**1.9**	1.7	1.4
	25.2	28.6	19.6

11. Taxation

The tax expense for the period, summarised in the table below, has been determined by applying effective tax rates to the pre-tax profits of individual entities or similar entity groups. These rates are based on the estimated full year tax expense.

The Skipton Group is within the scope of the OECD Pillar Two model rules which were introduced from 1 January 2024. The rules are aimed at ensuring that large corporate groups are subject to a minimum effective tax rate of 15% in each jurisdiction within which they operate; further details are provided in the 2024 Annual Report and Accounts. The charge estimated by the Group in respect of Pillar Two, for the six month period to 30 June 2025, is £0.4m and this is included within the current tax expense below (six months ended 30 June 2024: £0.7m; year ended 31 December 2024: £1.5m). This charge does not include any element of deferred tax as the Group has applied the temporary mandatory exception issued by the IASB in May 2023. Also, this charge remains an estimate as the Group is currently engaged with tax specialists to develop a detailed application of the rules and guidance.

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Current tax expense	**33.8**	33.9	70.2
Deferred tax (credit) / expense	**(0.1)**	4.3	7.9
Total tax expense	**33.7**	38.2	78.1

The Group's effective tax rate for the period was 25.1% (six months ended 30 June 2024: 24.4%; year ended 31 December 2024: 24.6%), which differs from the standard rate of corporation tax in the UK of 25.0% (2024: 25.0%). The effective tax rate is impacted by disallowable expenditure, non-taxable income and the lower tax rate in Guernsey which applies to the taxable profits of Skipton International Limited. Further, the Society's annual profits above £100m are subject to a 3% banking companies surcharge.

12. Debt securities

Movements in debt securities during the period are summarised as follows:

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
At 1 January	**4,349.6**	3,337.7	3,337.7
Additions	**1,257.7**	2,165.0	4,402.0
Maturities and disposals	**(1,211.8)**	(1,368.7)	(3,376.3)
Changes in fair value	**38.6**	(12.5)	(28.5)
Other	**21.3**	-	14.7
At end of period	**4,455.4**	4,121.5	4,349.6

All debt securities are held at FVOCI. Impairment loss allowances on debt securities held at FVOCI are charged to the Income Statement but, in line with the requirements of IFRS 9, do not reduce the carrying value of the assets; instead the loss allowance is recognised through other comprehensive income. The amount of impairment loss allowance debited to the Income Statement in respect of debt securities held at FVOCI, measured on an ECL basis, for the six months ended 30 June 2025 was £nil (six months ended 30 June 2024: £0.1m debit; year ended 31 December 2024: £nil).

13. Loans and advances to customers held at amortised cost

Unaudited as at 30.06.25 £m	Gross carrying amount	ECL allowance (Note 10)	Fair value adjustment for hedged risk	Carrying amount	%
Loans fully secured on residential property (Note A)	**31,847.4**	**(17.8)**	**(12.5)**	**31,817.1**	**99.0**
Loans fully secured on land (Note B)	**106.4**	**(5.5)**	**-**	**100.9**	**0.3**
Other lending:					
Debt factoring advances	**206.0**	**(1.9)**	**-**	**204.1**	**0.6**
Other loans (Note C)	**47.2**	**-**	**-**	**47.2**	**0.1**
	32,207.0	**(25.2)**	**(12.5)**	**32,169.3**	**100.0**

Unaudited as at 30.06.24 £m	Gross carrying amount	ECL allowance (Note 10)	Fair value adjustment for hedged risk	Carrying amount	%
Loans fully secured on residential property (Note A)	29,757.0	(21.7)	(420.4)	29,314.9	98.8
Loans fully secured on land (Note B)	124.5	(5.2)	-	119.3	0.4
Other lending:					
Debt factoring advances	191.4	(1.7)	-	189.7	0.6
Other loans (Note C)	50.8	-	-	50.8	0.2
	30,123.7	(28.6)	(420.4)	29,674.7	100.0

13. Loans and advances to customers held at amortised cost (continued)

Audited as at 31.12.24 £m	Gross carrying amount	ECL allowance (Note 10)	Fair value adjustment for hedged risk	Carrying amount	%
Loans fully secured on residential property (Note A)	30,542.8	(13.5)	(274.6)	30,254.7	98.8
Loans fully secured on land (Note B)	114.3	(4.7)	-	109.6	0.4
Other lending:					
Debt factoring advances	190.0	(1.4)	-	188.6	0.6
Other loans (Note C)	48.2	-	-	48.2	0.2
	30,895.3	(19.6)	(274.6)	30,601.1	100.0

Notes

A. Also known as residential mortgages.

B. Also known as commercial loans.

C. Includes certain advances made to residential mortgage customers in Guernsey and Jersey by Skipton International Limited; these advances are secured on shares in a property management company which owns the building in which the properties are located.

a) Residential mortgages

The majority of loans and advances to customers are secured on UK residential properties and are geographically diverse. The Group's portfolio of loans fully secured on residential properties includes lending by the Society and by Skipton International Limited (which lends in the Channel Islands and in the UK). It also includes the specialist mortgage books previously held by Amber Homeloans Limited and North Yorkshire Mortgages Limited (both closed to new lending since 2008); the assets and activities of these entities were hived-up into the Society with effect from 1 June 2021. The Group's credit risk appetite explicitly considers geographical regions in order to manage concentration risk.

Scenario analysis has been undertaken to identify the impact of climate-related risks on the Group's credit risk. This includes assessing the current residential lending portfolio at property level to determine the potential impact of key climate-related physical and transitional risks. The scenario analysis indicates that the most significant effects from climate change occur in the medium to long-term, with material financial impacts from transition risks expected to transpire before physical risks. Based on current UK Government policies, a delayed transition is increasingly likely. The most significant transition risks which may impact the Group are expected to occur beyond the Group's five-year corporate planning period, although it is possible some transition risk will start to materialise at the end of the next corporate plan. The results of the Group's assessment did not lead to a change in carrying amounts at 30 June 2025 (nor at 30 June 2024 or 31 December 2024). The future impact of climate-related risks on the Group's credit risk is not expected to be material. This assessment is under regular review and, whilst complex, is evolving in sophistication.

At 30 June 2025 the average indexed loan-to-value (LTV) of Group residential mortgages on a valuation-weighted basis (calculated as the total outstanding balance divided by the total value of collateral held) was 48.0% (30 June 2024: 48.3%; 31 December 2024: 46.1%).

The tables below provide information on movements in the gross carrying amount of residential loans and advances to customers during the period.

13. Loans and advances to customers held at amortised cost (continued)

Unaudited as at 30.06.25 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2025	**30,067.3**	**358.8**	**116.7**	**30,542.8**
Transfers due to changes in credit risk (Note A):				
To Stage 1	**111.6**	**(111.6)**	**-**	**-**
To Stage 2	**(243.4)**	**251.9**	**(8.5)**	**-**
To Stage 3	**(10.4)**	**(16.0)**	**26.4**	**-**
Modification of contractual cashflows	**(62.6)**	**46.8**	**12.9**	**(2.9)**
Increases due to origination	**3,302.7**	**3.6**	**1.1**	**3,307.4**
Decrease due to derecognition and repayments	**(1,953.7)**	**(36.2)**	**(11.2)**	**(2,001.1)**
Write-offs	**-**	**-**	**(3.7)**	**(3.7)**
Other movements	**4.0**	**0.4**	**0.5**	**4.9**
Gross carrying amount at 30 June 2025	**31,215.5**	**497.7**	**134.2**	**31,847.4**

Unaudited as at 30.06.24 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2024	27,485.7	628.6	78.0	28,192.3
Transfers due to changes in credit risk (Note A):				
To Stage 1	352.6	(352.5)	(0.1)	-
To Stage 2	(208.6)	213.3	(4.7)	-
To Stage 3	(5.1)	(12.4)	17.5	-
Modification of contractual cashflows	(14.2)	(3.2)	15.4	(2.0)
Increases due to origination	3,210.2	6.4	-	3,216.6
Decrease due to derecognition and repayments	(1,595.8)	(48.9)	(8.4)	(1,653.1)
Write-offs	-	(0.3)	(1.7)	(2.0)
Other movements	4.7	0.2	0.3	5.2
Gross carrying amount at 30 June 2024	29,229.5	431.2	96.3	29,757.0

13. Loans and advances to customers held at amortised cost (continued)

Audited as at 31.12.24 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2024	27,485.7	628.6	78.0	28,192.3
Transfers due to changes in credit risk (Note A):				
To Stage 1	353.8	(352.8)	(1.0)	-
To Stage 2	(180.2)	186.2	(6.0)	-
To Stage 3	(14.8)	(15.5)	30.3	-
Modification of contractual cashflows	(26.8)	(8.5)	30.6	(4.7)
Increases due to origination	5,996.7	15.1	0.7	6,012.5
Decrease due to derecognition and repayments	(3,555.8)	(93.9)	(12.7)	(3,662.4)
Write-offs	(0.1)	(0.4)	(3.9)	(4.4)
Other movements	8.8	-	0.7	9.5
Gross carrying amount at 31 December 2024	30,067.3	358.8	116.7	30,542.8

Note

A. For the purposes of the analysis presented above, the amounts shown for 'transfers due to changes in credit risk' are based on account balances at the start of the reporting period (not account balances at the date of transfer).

Amounts presented within 'Other movements' in the tables above include movements in the Group's effective interest rate asset.

For residential mortgages, Stage 3 loans which no longer meet any of the default criteria are subject to a six month minimum probation period before they become eligible for transfer out of Stage 3. At 30 June 2025, Stage 3 loans include £26.7m being held in Stage 3 under this probation period (30 June 2024: £19.5m; 31 December 2024: £23.3m).

The following tables provide information on residential loans and advances to customers grouped by credit risk rating (probability of default). For further details on how the probability of default (PD) affects the Group's assessment of ECLs, see Note 1c). ECL coverage shows the level of loss allowance expressed as a percentage of the gross carrying amount.

For the purposes of regulatory capital requirements, the Group applies an Internal Ratings Based (IRB) approach to certain credit risk exposures (as discussed in the Financial Review on page 16). The PDs used by the Group for IFRS 9 accounting purposes are not directly comparable to the PDs used by the Group for IRB regulatory purposes; this is due to significant differences in the requirements and methodologies applied by the Group for IFRS 9 and for IRB respectively.

13. Loans and advances to customers held at amortised cost (continued)

Unaudited as at 30.06.25 £m Probability of default	Gross carrying amount				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<0.15%	**2,318.2**	**0.9**	**-**	**2,319.1**	**0.5**	**-**	**-**	**0.5**
0.15% - <0.25%	**7,354.8**	**0.8**	**-**	**7,355.6**	**1.1**	**-**	**-**	**1.1**
0.25% - <0.5%	**14,983.0**	**1.9**	**-**	**14,984.9**	**3.1**	**-**	**-**	**3.1**
0.5% - <0.75%	**5,342.4**	**8.8**	**-**	**5,351.2**	**1.4**	**-**	**-**	**1.4**
0.75% - <2.5%	**1,206.9**	**52.2**	**-**	**1,259.1**	**0.6**	**-**	**-**	**0.6**
2.5% - <10%	**10.2**	**104.6**	**-**	**114.8**	**-**	**0.1**	**-**	**0.1**
10% - <100%	**-**	**328.5**	**-**	**328.5**	**-**	**4.0**	**-**	**4.0**
Default	**-**	**-**	**134.2**	**134.2**	**-**	**-**	**7.0**	**7.0**
	31,215.5	**497.7**	**134.2**	**31,847.4**	**6.7**	**4.1**	**7.0**	**17.8**
ECL coverage (%)					**0.02%**	**0.82%**	**5.22%**	**0.06%**

Unaudited as at 30.06.24 £m Probability of default	Gross carrying amount				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<0.15%	526.9	0.9	-	527.8	0.4	-	-	0.4
0.15% - <0.25%	2,410.1	0.4	-	2,410.5	0.5	-	-	0.5
0.25% - <0.5%	14,453.8	0.9	-	14,454.7	4.5	-	-	4.5
0.5% - <0.75%	8,127.0	7.8	-	8,134.8	3.3	-	-	3.3
0.75% - <2.5%	3,657.9	79.2	-	3,737.1	2.1	0.1	-	2.2
2.5% - <10%	53.8	96.2	-	150.0	0.1	0.2	-	0.3
10% - <100%	-	245.8	-	245.8	-	3.6	-	3.6
Default	-	-	96.3	96.3	-	-	6.9	6.9
	29,229.5	431.2	96.3	29,757.0	10.9	3.9	6.9	21.7
ECL coverage (%)					0.04%	0.90%	7.17%	0.07%

Audited as at 31.12.24 £m Probability of default	Gross carrying amount				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<0.15%	4,841.6	0.4	-	4,842.0	0.6	-	-	0.6
0.15% - <0.25%	11,387.8	0.4	-	11,388.2	1.5	-	-	1.5
0.25% - <0.5%	10,752.9	5.7	-	10,758.6	1.8	-	-	1.8
0.5% - <0.75%	2,647.4	13.0	-	2,660.4	0.4	-	-	0.4
0.75% - <2.5%	430.9	65.3	-	496.2	0.2	-	-	0.2
2.5% - <10%	6.7	59.4	-	66.1	-	0.1	-	0.1
10% - <100%	-	214.6	-	214.6	-	2.4	-	2.4
Default	-	-	116.7	116.7	-	-	6.5	6.5
	30,067.3	358.8	116.7	30,542.8	4.5	2.5	6.5	13.5
ECL coverage (%)					0.01%	0.70%	5.57%	0.04%

13. Loans and advances to customers held at amortised cost (continued)

The tables below provide information on movements in the impairment loss allowance for residential loans and advances to customers during the period:

Unaudited as at 30.06.25 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2025	**4.5**	**2.5**	**6.5**	**13.5**
Transfers due to changes in credit risk:				
To Stage 1	**-**	**(0.1)**	**-**	**(0.1)**
To Stage 2	**(0.1)**	**1.6**	**(0.1)**	**1.4**
To Stage 3	**-**	**(0.3)**	**1.1**	**0.8**
Remeasurements within existing stage	**1.7**	**0.2**	**(0.1)**	**1.8**
Modification of contractual cashflows	**-**	**0.3**	**0.8**	**1.1**
Increases due to origination	**0.9**	**-**	**-**	**0.9**
Decreases due to derecognition and repayments	**(0.3)**	**(0.1)**	**(0.7)**	**(1.1)**
Write-offs	**-**	**-**	**(0.5)**	**(0.5)**
Loss allowance at 30 June 2025	**6.7**	**4.1**	**7.0**	**17.8**

Unaudited as at 30.06.24 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2024	16.2	6.0	6.8	29.0
Transfers due to changes in credit risk:				
To Stage 1	0.2	(1.2)	-	(1.0)
To Stage 2	(0.1)	1.1	(0.1)	0.9
To Stage 3	-	(0.5)	0.7	0.2
Remeasurements within existing stage	(5.9)	(0.6)	0.1	(6.4)
Modification of contractual cashflows	-	(0.6)	0.5	(0.1)
Increases due to origination	1.5	-	-	1.5
Decreases due to derecognition and repayments	(1.0)	(0.3)	(0.8)	(2.1)
Write-offs	-	-	(0.3)	(0.3)
Loss allowance at 30 June 2024	10.9	3.9	6.9	21.7

Audited as at 31.12.24 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2024	16.2	6.0	6.8	29.0
Transfers due to changes in credit risk:				
To Stage 1	0.1	(1.6)	-	(1.5)
To Stage 2	(0.1)	0.9	(0.2)	0.6
To Stage 3	-	(0.4)	0.9	0.5
Remeasurements within existing stage	(11.0)	(0.8)	(0.4)	(12.2)
Modification of contractual cashflows	-	(1.1)	0.9	(0.2)
Increases due to origination	1.2	0.1	0.1	1.4
Decreases due to derecognition and repayments	(1.9)	(0.6)	(0.9)	(3.4)
Write-offs	-	-	(0.7)	(0.7)
Loss allowance at 31 December 2024	4.5	2.5	6.5	13.5

13. Loans and advances to customers held at amortised cost (continued)

The tables below provide information on residential loans and advances by payment due status:

Unaudited as at 30.06.25 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	**31,215.5**	**340.4**	**15.0**	**31,570.9**	**6.7**	**1.2**	**0.7**	**8.6**
Past due:								
Up to 30 days	**-**	**85.1**	**3.0**	**88.1**	**-**	**1.1**	**0.1**	**1.2**
31 to 60 days	**-**	**53.7**	**8.2**	**61.9**	**-**	**1.2**	**0.2**	**1.4**
61 to 90 days	**-**	**18.5**	**9.4**	**27.9**	**-**	**0.6**	**0.2**	**0.8**
Over 90 days	**-**	**-**	**98.6**	**98.6**	**-**	**-**	**5.8**	**5.8**
	31,215.5	**497.7**	**134.2**	**31,847.4**	**6.7**	**4.1**	**7.0**	**17.8**

Unaudited as at 30.06.24 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	29,229.5	299.6	8.5	29,537.6	10.9	1.1	0.9	12.9
Past due:								
Up to 30 days	-	71.1	1.5	72.6	-	1.1	0.1	1.2
31 to 60 days	-	42.8	6.7	49.5	-	1.1	0.1	1.2
61 to 90 days	-	17.7	8.0	25.7	-	0.6	0.3	0.9
Over 90 days	-	-	71.6	71.6	-	-	5.5	5.5
	29,229.5	431.2	96.3	29,757.0	10.9	3.9	6.9	21.7

Audited as at 31.12.24 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	30,067.3	224.2	13.8	30,305.3	4.5	0.7	0.9	6.1
Past due:								
Up to 30 days	-	72.5	3.6	76.1	-	0.7	-	0.7
31 to 60 days	-	46.4	4.6	51.0	-	0.7	0.2	0.9
61 to 90 days	-	15.7	9.8	25.5	-	0.4	0.2	0.6
Over 90 days	-	-	84.9	84.9	-	-	5.2	5.2
	30,067.3	358.8	116.7	30,542.8	4.5	2.5	6.5	13.5

13. Loans and advances to customers held at amortised cost (continued)

b) Commercial loans

The commercial loans portfolio (also known as loans fully secured on land) was closed to new business in November 2008. Loans secured on commercial property are well diversified by both industry type and geographical location. The tables below provide information on movements in the gross carrying value of commercial loans and advances to customers during the period.

Unaudited as at 30.06.25 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2025	**93.9**	**5.9**	**14.5**	**114.3**
Transfers due to changes in credit risk (Note A):				
To Stage 1	**0.8**	**-**	**(0.8)**	**-**
To Stage 3	**(2.5)**	**(0.8)**	**3.3**	**-**
Modification of contractual cashflows	**(0.7)**	**0.2**	**0.3**	**(0.2)**
Decreases due to derecognition and repayments	**(5.0)**	**(0.1)**	**(2.6)**	**(7.7)**
Gross carrying amount at 30 June 2025	**86.5**	**5.2**	**14.7**	**106.4**

Unaudited as at 30.06.24 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2024	91.0	37.8	6.4	135.2
Transfers due to changes in credit risk (Note A):				
To Stage 1	22.9	(22.9)	-	-
To Stage 2	(1.4)	1.4	-	-
To Stage 3	-	(2.1)	2.1	-
Modification of contractual cashflows	-	(7.4)	7.2	(0.2)
Decreases due to derecognition and repayments	(8.1)	(0.1)	(2.3)	(10.5)
Gross carrying amount at 30 June 2024	104.4	6.7	13.4	124.5

Audited as at 31.12.24 £m	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount at 1 January 2024	91.0	37.8	6.4	135.2
Transfers due to changes in credit risk (Note A):				
To Stage 1	19.2	(19.2)	-	-
To Stage 2	(1.1)	1.1	-	-
To Stage 3	(1.4)	(3.4)	4.8	-
Modification of contractual cashflows	0.8	(8.0)	6.8	(0.4)
Decreases due to derecognition and repayments	(14.6)	(2.4)	(3.1)	(20.1)
Write-offs	-	-	(0.4)	(0.4)
Gross carrying amount at 31 December 2024	93.9	5.9	14.5	114.3

Note

A. For the purposes of the analysis presented above, the amounts shown for 'transfers due to changes in credit risk' are based on account balances at the start of the reporting period (not account balances at the date of transfer).

13. Loans and advances to customers held at amortised cost (continued)

For commercial loans, Stage 3 loans which no longer meet any of the default criteria are subject to a three month minimum probation period before they become eligible for transfer out of Stage 3. At 30 June 2025, Stage 3 loans include £nil being held in Stage 3 under this probation period (30 June 2024: £0.3m; 31 December 2024: £nil).

Details of forbearance activity in the period can be found in Note 13c) below.

The tables below provide information on movements in the impairment loss allowance for commercial loans and advances to customers during the period:

Unaudited as at 30.06.25 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2025	**0.2**	**0.2**	**4.3**	**4.7**
Transfers due to changes in credit risk:				
To Stage 3	**-**	**-**	**0.5**	**0.5**
Remeasurements within existing stage	**0.3**	**-**	**0.1**	**0.4**
Decreases due to derecognition and repayments	**-**	**-**	**(0.1)**	**(0.1)**
Loss allowance at 30 June 2025	**0.5**	**0.2**	**4.8**	**5.5**

Unaudited as at 30.06.24 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2024	0.6	6.6	1.8	9.0
Transfers due to changes in credit risk:				
To Stage 1	-	(2.1)	-	(2.1)
To Stage 3	-	(1.2)	1.1	(0.1)
Remeasurements within existing stage	(0.4)	-	-	(0.4)
Decreases due to derecognition and repayments	-	-	(1.1)	(1.1)
Modification of contractual cashflows	-	(3.1)	3.0	(0.1)
Loss allowance at 30 June 2024	0.2	0.2	4.8	5.2

Audited as at 31.12.24 £m	Stage 1	Stage 2	Stage 3	Total
Loss allowance at 1 January 2024	0.6	6.6	1.8	9.0
Transfers due to changes in credit risk:				
To Stage 1	-	(1.9)	-	(1.9)
To Stage 3	-	(0.4)	0.4	-
Remeasurements within existing stage	(0.3)	(0.1)	-	(0.4)
Decreases due to derecognition and repayments	(0.1)	(0.9)	(1.1)	(2.1)
Modification of contractual cashflows	-	(3.1)	3.3	0.2
Write-offs	-	-	(0.1)	(0.1)
Loss allowance at 31 December 2024	0.2	0.2	4.3	4.7

13. Loans and advances to customers held at amortised cost (continued)

The tables below provide information on commercial loans by payment due status:

Unaudited as at 30.06.25 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	**86.5**	**-**	**3.9**	**90.4**	**0.5**	**-**	**0.6**	**1.1**
Past due:								
Up to 30 days	**-**	**2.5**	**0.1**	**2.6**	**-**	**0.1**	**-**	**0.1**
31 to 60 days	**-**	**1.6**	**-**	**1.6**	**-**	**0.1**	**-**	**0.1**
61 to 90 days	**-**	**1.1**	**2.0**	**3.1**	**-**	**-**	**0.6**	**0.6**
Over 90 days	**-**	**-**	**8.7**	**8.7**	**-**	**-**	**3.6**	**3.6**
	86.5	**5.2**	**14.7**	**106.4**	**0.5**	**0.2**	**4.8**	**5.5**
ECL coverage (%)					**0.58%**	**3.85%**	**32.65%**	**5.17%**

Unaudited as at 30.06.24 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	104.4	0.4	11.0	115.8	0.2	-	4.7	4.9
Past due:								
Up to 30 days	-	2.4	-	2.4	-	0.1	-	0.1
31 to 60 days	-	2.3	-	2.3	-	0.1	-	0.1
61 to 90 days	-	1.6	0.3	1.9	-	-	-	-
Over 90 days	-	-	2.1	2.1	-	-	0.1	0.1
	104.4	6.7	13.4	124.5	0.2	0.2	4.8	5.2
ECL coverage (%)					0.19%	2.99%	35.82%	4.18%

Audited as at 31.12.24 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	93.9	0.4	11.3	105.6	0.2	-	3.9	4.1
Past due:								
Up to 30 days	-	2.3	-	2.3	-	0.1	-	0.1
31 to 60 days	-	2.1	-	2.1	-	0.1	-	0.1
61 to 90 days	-	1.1	0.7	1.8	-	-	0.3	0.3
Over 90 days	-	-	2.5	2.5	-	-	0.1	0.1
	93.9	5.9	14.5	114.3	0.2	0.2	4.3	4.7
ECL coverage (%)					0.21%	3.39%	29.66%	4.11%

c) Forbearance

Where appropriate for customers, the Group applies a policy of forbearance. The Group's approach to forbearance is described in Note 43 to the 2024 Annual Report and Accounts and our approach to forbearance remained materially unchanged in the period. At 30 June 2025, the percentage of residential mortgage balances that have been subject to forbearance is 0.7% (30 June 2024: 0.6%; 31 December 2024: 0.6%). For commercial balances the percentage is 13.3% (30 June 2024: 11.7%; 31 December 2024: 11.7%).

14. Equity release portfolio held at FVTPL

Movements in the equity release portfolio during the period are summarised as follows:

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
At 1 January	**277.2**	293.3	293.3
Redemptions	**(2.2)**	(2.0)	(4.3)
Movements in fair value	**(4.1)**	(6.9)	(12.6)
Realised losses on redemption	**(0.8)**	(0.8)	(1.8)
Accrued interest	**1.5**	2.3	2.6
At end of period	**271.6**	285.9	277.2

Further details of how the valuation of the equity release portfolio is derived, including the key inputs into the calculation, are found in Note 1c).

The Group holds derivative financial instruments to economically hedge the movements in fair value of the equity release portfolio, as outlined in Note 1c). The movement in fair value of the derivatives held to hedge the equity release portfolio during the period was a £5.4m gain and is included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL' (30 June 2024: £12.5m gain; 31 December 2024: £21.9m gain).

15. Assets held for sale

The Statement of Financial Position includes the following amounts in respect of assets held for sale:

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Assets held for sale	**3.7**	-	-

On 1 March 2025 the Group reclassified a commercial property and associated car parking, previously held within 'Property, plant and equipment' and 'Investment property' (the latter being aggregated within the Statement of Financial Position line 'Other assets'), to 'Assets held for sale' under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

The assets comprise:

- Freehold land (previously within Property, plant and equipment) with carrying amount of £0.7m; and
- Investment property with carrying amount of £3.0m.

The decision, as part of a wider strategic review of property usage, follows the previous tenants vacating the premises at the end of December 2024 and active efforts ongoing to sell the asset. Management expects the sale to complete within 12 months.

As a result of the reclassification:

- The asset was measured at the lower of carrying amount and fair value (i.e. expected sale price) less costs to sell at the date of classification.
- No impairment loss was recognised as the carrying amount is lower than fair value less costs to sell.
- The asset is now presented separately in the Statement of Financial Position under 'Assets held for sale'.
- The asset is presented within the 'Society' reportable segment for segmental reporting purposes.

16. Intangible assets

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Goodwill	**242.3**	218.0	218.5
Other intangible assets	**118.1**	92.4	92.9
	360.4	310.4	311.4

Goodwill £m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Cost, less amortisation to 1 January 2004			
At 1 January	**231.0**	230.2	230.2
Acquisitions of subsidiary undertakings and business units (Note A)	**23.5**	0.2	0.5
Revaluations of put options	**0.3**	0.1	0.3
At end of period	**254.8**	230.5	231.0
Impairment losses			
At 1 January and end of period	**12.5**	12.5	12.5
Net book value at 1 January	**218.5**	217.7	217.7
Net book value at end of period	**242.3**	218.0	218.5

Note

A. During the six month period ended 30 June 2025 Connells completed several acquisitions, realising goodwill of £23.5m – see Note 1e) for further details.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU), or group of CGUs that is expected to benefit from that business combination; at Skipton Group level, the allocation of goodwill typically reflects the Group's operating segments. The carrying value of goodwill has been allocated as follows:

Unaudited as at 30.06.25 Operating segment (£m)	Cost of goodwill	Accumulated impairment	Carrying value
Connells	**243.5**	**7.5**	**236.0**
Other	**11.3**	**5.0**	**6.3**
Total goodwill	**254.8**	**12.5**	**242.3**

Unaudited as at 30.06.24 Operating segment (£m)	Cost of goodwill	Accumulated impairment	Carrying value
Connells	219.2	7.5	211.7
Other	11.3	5.0	6.3
Total goodwill	230.5	12.5	218.0

Audited as at 31.12.24 Operating segment (£m)	Cost of goodwill	Accumulated impairment	Carrying value
Connells	219.7	7.5	212.2
Other	11.3	5.0	6.3
Total goodwill	231.0	12.5	218.5

16. Intangible assets (continued)

Based upon the Directors' assessment of recoverable amounts, the Directors have concluded that no impairment of goodwill is required to be recognised in the six months to 30 June 2025 (six months to 30 June 2024: £nil; year ended 31 December 2024: £nil).

The recoverable amounts of the operating segments are determined from value in use calculations. The key assumptions for the value in use calculations are detailed in Note 1c).

17. Loan to defined benefit pension scheme held at FVTPL

Ahead of the Skipton Building Society (2015) Group Pension Scheme insurer buy-in transaction, described in Note 18, a loan of £14.6m was provided by the Society to the Scheme; this will be repaid by the Scheme as retained illiquid assets mature. This loan is recognised as a financial asset on the Society's balance sheet and is held at fair value through profit or loss (FVTPL) in accordance with IFRS 9.

At 30 June 2025 the fair value of the loan was £12.0m, which includes a £1.6m fair value loss recognised in the 'Fair value gains on financial instruments mandatorily held at FVTPL' line of the Condensed Consolidated Income Statement. The valuation reflects management's estimate of the Scheme's funding position and expected asset realisation profile, discounted using a rate that reflects credit and liquidity risk. The loan is categorised as a Level 3 instrument within the IFRS 13 fair value hierarchy, due to the use of unobservable inputs.

18. Defined benefit pension scheme

As at 30 June 2025 the Statement of Financial Position includes amounts relating to defined benefit schemes as set out below:

£m	Unaudited as at 30.06.25		Unaudited as at 30.06.24			Audited as at 31.12.24		
	Retirement Benefit Obligation	Total	Retirement Benefit Surplus	Retirement Benefit Obligation	Total	Retirement Benefit Surplus	Retirement Benefit Obligation	Total
Fair value of plan assets	**187.0**	**187.0**	97.6	107.5	205.1	91.9	103.5	195.4
Present value of defined benefit obligations	**(196.3)**	**(196.3)**	(91.5)	(117.2)	(208.7)	(87.1)	(112.1)	(199.2)
Net pension asset / (liability)	**(9.3)**	**(9.3)**	6.1	(9.7)	(3.6)	4.8	(8.6)	(3.8)

During the period, the Group sponsored the schemes set out below, all of which are funded defined benefit arrangements:

- The Skipton Building Society (2015) Group Pension Scheme – a funded defined benefit arrangement;
- The Connells (2014) Group Pension Scheme – a funded defined benefit arrangement; and
- The Countrywide plc Pension Scheme – a funded benefit arrangement

Further details on the Group's defined benefit pension scheme arrangements can be found in the Group's 2024 Annual Report and Accounts.

Skipton Building Society (2015) Group Pension Scheme

On 31 January 2025, as part of a strategy to de-risk the Society's exposure to its defined benefit obligation, the Skipton Building Society (2015) Group Pension Scheme was subject to an insurer buy-in. The majority of the Scheme's defined benefit obligations to members are now insured under a policy held by the Scheme, significantly reducing exposure to investment and longevity risk; certain obligations are not insured, for example any future impact of the application of Guaranteed Minimum Pension (GMP) equalisations requirements to historical transfers out of pension schemes. The insurance policy qualifies as a plan asset under IAS 19 and is measured at fair value.

Ahead of the transaction the Society made a one-off cash contribution of £10.7m to support payment of the insurance premium. The net pension obligation recognised at 30 June 2025 reflects the impact of the contribution, the buy-in transaction, and the revised asset composition. There have been no significant changes to the actuarial assumptions since 31 December 2024.

18. Defined benefit pension scheme (continued)

Pension Schemes - Section 37 Confirmations

The Group continues to monitor the legal and legislative developments following the Virgin Media v NTL decision and the government's proposal to permit retrospective Section 37 confirmations. At this stage, the proposed legislation has not yet passed through Parliament.

For the Countrywide scheme, documentation for the period 1997-2002 is unavailable. Management considers the risk of non-compliance during the period to be low, based on reasonable assumptions about historical benefit structures.

For the Skipton Scheme, three Section 37 certificates have not been located. Legal advice has been obtained, and management similarly considers the risk of material non-compliance to be low. Further investigations will be considered once the final legal framework is in place.

No provision has been made in these financial statements. The Group will update its assessment as the position evolves.

19. Debt securities in issue

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Certificates of deposit	**-**	-	5.1
Covered bonds (Note A)	**2,431.4**	2,371.7	1,934.9
Securitisations	**459.4**	162.8	491.6
Fair value adjustment for hedged risk	**20.0**	(21.4)	3.7
Total debt securities in issue	**2,910.8**	2,513.1	2,435.3

Note

A. As discussed on page 16, the Group issued a £500m 5-year covered bond in May 2025.

20. Provisions for liabilities

£m	Unaudited as at 30.06.25	Unaudited as at 30.06.24	Audited as at 31.12.24
Provision for the costs of surplus properties	**3.9**	4.8	4.0
Commission clawbacks (Note A)	**17.9**	17.6	17.9
Survey and valuation claims	**3.9**	4.9	3.7
Customer compensation	**0.6**	0.3	0.6
Other provisions	**5.8**	5.8	5.6
Total provisions for liabilities	**32.1**	33.4	31.8

Note

A. Includes expected future clawback on insurance commissions in the event of early termination by the customer; insurance commission income is recognised net of this provision.

The movement in provisions for liabilities in the period has resulted in a net charge to the Income Statement of £7.3m, of which a £0.3m charge is recognised in the line 'Provisions for liabilities' and a £7.0m charge is recognised against 'Fees and commissions receivable' (six months ended 30 June 2024: £9.3m charge, of which a £4.5m charge is recognised in the line 'Provisions for liabilities' and a £4.8m charge is recognised against 'Fees and commissions receivable'; year ended 31 December 2024: £12.5m charge, of which a £3.7m charge is recognised in the line 'Provisions for liabilities' and a £8.8m charge is recognised against 'Fees and commissions receivable').

21. Cash flows

a) Cash flows from operating activities

i) Impairment losses / (credits) on financial instruments

For the purposes of the Condensed Consolidated Statement of Cash Flows, amounts presented within the line ‘Impairment losses / (credits) on financial instruments’ include the following:

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Impairment losses / (credits) on loans and advances to customers (net of recoveries) (Note 10)	**6.5**	(9.3)	(17.1)
Loans and advances recovered	**0.3**	0.3	0.5
Impairment credits on liquid assets	**(0.1)**	-	(0.1)
Impairment charge on trade receivables	**0.6**	0.4	0.8
	7.3	(8.6)	(15.9)

ii) Fair value gains on financial instruments held at FVTPL

For the purposes of the Condensed Consolidated Statement of Cash Flows, amounts presented within the line ‘Fair value gains on financial instruments held at FVTPL’ include the following:

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Fair value gains on hedging instruments and hedged items	**(0.7)**	(0.1)	(2.0)
Fair value gains on derivatives associated with equity release portfolio (Note 14)	**(5.4)**	(12.5)	(21.9)
Fair value losses on equity release portfolio (Note 14)	**4.1**	6.9	12.6
Fair value gains on share warrants	**(3.5)**	(3.2)	(5.9)
Fair value losses on put options held by minority shareholders	**0.2**	0.2	0.3
Fair value losses / (gains) on equity share investments at FVTPL	**-**	0.9	(1.1)
Fair value losses on loan to defined benefit pension scheme	**1.6**	-	-
	(3.7)	(7.8)	(18.0)

21. Cash flows (continued)

iii) Other non-cash movements

For the purposes of the Condensed Consolidated Statement of Cash Flows, amounts presented within the line 'Other non-cash movements' include the following:

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
(Profit) / loss on disposal of treasury assets	**(0.3)**	(0.2)	1.8
Realised losses on equity release portfolio (Note 14)	**0.8**	0.8	1.8
Income Statement credit for fair value of subsidiary management incentive scheme liability	**-**	(4.2)	(4.2)
Share of profits from joint ventures	**(0.9)**	(0.3)	(1.4)
Other	**(11.1)**	6.9	(3.0)
	(11.5)	3.0	(5.0)

b) Cash flows from investing activities

i) Other investing activities

For the purposes of the Condensed Consolidated Statement of Cash Flows, amounts presented within the line 'Other investing activities' include the following:

£m	Unaudited 6 months to 30.06.25	Unaudited 6 months to 30.06.24	Audited 12 months to 31.12.24
Purchase of property, plant and equipment and investment property	**(7.2)**	(11.2)	(22.0)
Purchase of intangible assets	**(21.3)**	(5.2)	(14.9)
Proceeds from disposal of property, plant and equipment, investment property and intangible assets	**0.9**	1.2	1.9
Dividends received from joint ventures	**-**	-	0.5
Purchase of other business units	**(0.5)**	(0.8)	(5.6)
Investment in equity share investments	**(1.0)**	(3.5)	(1.2)
Proceeds from disposal of equity share investments	**-**	-	0.3
Loan advanced to defined benefit pension scheme	**(14.6)**	-	-
Repayment of loan to defined benefit pension scheme	**1.0**	-	-
	(42.7)	(19.5)	(41.0)

21. Cash flows (continued)

c) Cash flows from financing activities

For the purposes of the Condensed Consolidated Statement of Cash Flows, put option obligations, the subsidiary management incentive scheme (closed in 2024), lease liabilities, subordinated liabilities and subscribed capital are classified as liabilities arising from financing activities. The tables below provide a reconciliation of movements in liabilities arising from financing activities:

Unaudited as at 30.06.25 £m	Put option obligation	Lease liabilities	Subordinated liabilities	Subscribed capital	Total
At 1 January 2025	**4.1**	**92.1**	**690.2**	**41.6**	**828.0**
Cash flow items:					
Lease payments (excluding interest)	**-**	**(19.4)**	**-**	**-**	**(19.4)**
Interest paid	**-**	**(2.0)**	**(14.4)**	**(2.2)**	**(18.6)**
Acquired on acquisition of subsidiaries	**-**	**2.6**	**-**	**-**	**2.6**
Non-cash flow items:					
Changes in fair values	**0.3**	**-**	**13.2**	**-**	**13.5**
Interest expense	**-**	**2.0**	**14.6**	**2.2**	**18.8**
Lease additions	**-**	**17.8**	**-**	**-**	**17.8**
Lease disposals	**-**	**(1.0)**	**-**	**-**	**(1.0)**
Lease modifications / remeasurements	**-**	**9.0**	**-**	**-**	**9.0**
At 30 June 2025	**4.4**	**101.1**	**703.6**	**41.6**	**850.7**

Unaudited as at 30.06.24 £m	Put option obligation	Liability of subsidiary management incentive scheme	Lease liabilities	Subordinated liabilities	Subscribed capital	Total
At 1 January 2024	3.5	4.2	103.0	685.3	41.6	837.6
Cash flow items:						
Lease payments (excluding interest)	-	-	(19.9)	-	-	(19.9)
Interest paid	-	-	(1.4)	(14.8)	(2.2)	(18.4)
Non-cash flow items:						
Changes in fair values	0.1	(4.2)	-	(4.6)	-	(8.7)
Interest expense	-	-	1.4	14.7	2.2	18.3
Lease additions	-	-	6.8	-	-	6.8
Lease disposals	-	-	(0.4)	-	-	(0.4)
Lease modifications / remeasurements	-	-	5.5	-	-	5.5
Other	-	-	-	0.3	-	0.3
At 30 June 2024	3.6	-	95.0	680.9	41.6	821.1

21. Cash flows (continued)

Audited as at 31.12.24 £m	Put option obligation	Liability of subsidiary management incentive scheme	Lease liabilities	Subordinated liabilities	Subscribed capital	Total
At 1 January 2024	3.5	4.2	103.0	685.3	41.6	837.6
Cash flow items:						
Lease payments (excluding interest)	-	-	(39.3)	-	-	(39.3)
Interest paid	-	-	(3.1)	(29.0)	(4.5)	(36.6)
Non-cash flow items:						
Changes in fair values	0.6	0.3	-	4.3	-	5.2
Interest expense	-	-	3.1	29.6	4.5	37.2
Lease additions	-	-	18.1	-	-	18.1
Lease disposals	-	-	(0.9)	-	-	(0.9)
Lease modifications / remeasurements	-	-	11.2	-	-	11.2
Release of liability	-	(4.5)	-	-	-	(4.5)
At 31 December 2024	4.1	-	92.1	690.2	41.6	828.0

22. Financial instruments

a) Classification and measurement

The tables below summarise the classification of the carrying amounts of the Group's financial assets and liabilities:

Unaudited as at 30.06.25 £m	Amortised cost	FVOCI	FVTPL	Total
Cash in hand and balances with the Bank of England	1,281.8	-	-	1,281.8
Loans and advances to credit institutions	378.9	-	-	378.9
Debt securities	-	4,455.4	-	4,455.4
Derivative financial instruments	-	-	479.6	479.6
Loans and advances to customers	32,169.3	-	0.7	32,170.0
Equity release portfolio	-	-	271.6	271.6
Equity share investments	-	-	17.9	17.9
Trade receivables	76.4	-	-	76.4
Share warrants	-	-	25.4	25.4
Loan to defined benefit pension scheme	-	-	12.0	12.0
Total financial assets	33,906.4	4,455.4	807.2	39,169.0
Other non-financial assets				664.1
Total assets				39,833.1
Shares	29,513.8	-	-	29,513.8
Amounts owed to credit institutions and other customers	3,316.2	-	-	3,316.2
Debt securities in issue	2,910.8	-	-	2,910.8
Derivative financial instruments	-	-	234.1	234.1
Lease liabilities	101.1	-	-	101.1
Trade payables	11.7	-	-	11.7
Fair value of put option obligation	-	-	4.4	4.4
Subordinated liabilities	703.6	-	-	703.6
Subscribed capital	41.6	-	-	41.6
Total financial liabilities	36,598.8	-	238.5	36,837.3
Other non-financial liabilities				240.7
Total liabilities				37,078.0

As outlined in note 15, during the period, non-current assets with a total carrying value of £3.7m were reclassified as held for sale, and therefore presented separately within the Statement of Financial Position. In the above tables, these amounts are included within 'Other non-financial assets'.

22. Financial instruments (continued)

Unaudited as at 30.06.24 £m	Amortised cost	FVOCI	FVTPL	Total
Cash in hand and balances with the Bank of England	2,509.4	-	-	2,509.4
Loans and advances to credit institutions	482.1	-	-	482.1
Debt securities	-	4,121.5	-	4,121.5
Derivative financial instruments	-	-	953.6	953.6
Loans and advances to customers	29,674.7	-	0.9	29,675.6
Equity release portfolio	-	-	285.9	285.9
Equity share investments	-	-	13.1	13.1
Trade receivables	72.9	-	-	72.9
Share warrants	-	-	18.3	18.3
Other assets	0.1	-	-	0.1
Total financial assets	32,739.2	4,121.5	1,271.8	38,132.5
Other non-financial assets				588.8
Total assets				38,721.3
Shares	27,534.0	-	-	27,534.0
Amounts owed to credit institutions and other customers	4,745.9	-	-	4,745.9
Debt securities in issue	2,513.1	-	-	2,513.1
Derivative financial instruments	-	-	325.6	325.6
Lease liabilities	95.0	-	-	95.0
Trade payables	11.4	-	-	11.4
Fair value of put option obligation	-	-	3.6	3.6
Subordinated liabilities	680.9	-	-	680.9
Subscribed capital	41.6	-	-	41.6
Total financial liabilities	35,621.9	-	329.2	35,951.1
Other non-financial liabilities				214.9
Total liabilities				36,166.0

22. Financial instruments (continued)

Audited as at 31.12.24 £m	Amortised cost	FVOCI	FVTPL	Total
Cash in hand and balances with the Bank of England	1,930.6	-	-	1,930.6
Loans and advances to credit institutions	414.6	-	-	414.6
Debt securities	-	4,349.6	-	4,349.6
Derivative financial instruments	-	-	752.1	752.1
Loans and advances to customers	30,601.1	-	0.9	30,602.0
Equity release portfolio	-	-	277.2	277.2
Equity share investments	-	-	16.9	16.9
Trade receivables	68.8	-	-	68.8
Share warrants	-	-	21.9	21.9
Other assets	0.1	-	-	0.1
Total financial assets	33,015.2	4,349.6	1,069.0	38,433.8
Other non-financial assets				581.5
Total assets				39,015.3
Shares	28,268.5	-	-	28,268.5
Amounts owed to credit institutions and other customers	4,350.7	-	-	4,350.7
Debt securities in issue	2,435.3	-	-	2,435.3
Derivative financial instruments	-	-	225.1	225.1
Lease liabilities	92.1	-	-	92.1
Trade payables	11.0	-	-	11.0
Fair value of put option obligation	-	-	4.1	4.1
Subordinated liabilities	690.2	-	-	690.2
Subscribed capital	41.6	-	-	41.6
Total financial liabilities	35,889.4	-	229.2	36,118.6
Other non-financial liabilities				229.3
Total liabilities				36,347.9

b) Valuation of financial instruments carried at fair value

The Group holds certain financial assets and liabilities at fair value, grouped into Levels 1 to 3 of the fair value hierarchy (see below).

Valuation techniques

Fair values are determined using the following fair value hierarchy that reflects the significance of the inputs used in measuring fair value.

Level 1

The most reliable fair values of financial instruments are quoted market prices in an actively traded market. The Group's Level 1 portfolio mainly comprises the Group's debt securities, with the exception of certificates of deposit, for which traded prices are readily available.

22. Financial instruments (continued)

Level 2

These are valuation techniques for which all significant inputs are taken from observable market data. These include valuation models used to calculate the present value of expected future cash flows and may be employed when no active market exists and quoted prices are available for similar instruments in active markets. Examples of Level 2 instruments are certificates of deposit and cleared interest rate swaps.

Level 3

These are valuation techniques for which one or more significant inputs are not based on observable market data.

Valuation techniques include net present value by way of discounted cash flow models. Assumptions and market observable inputs used in valuation techniques include risk-free and benchmark interest rates, similar market products, foreign currency exchange rates and equity index prices. Critical judgement is applied by management in utilising unobservable inputs including expected price volatilities, expected mortality rates and prepayment rates, based on industry practice or historical observation. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's-length.

Transfers between levels

The Group makes transfers between different levels of the fair value hierarchy where the inputs used to measure the fair value of the financial instruments in question no longer satisfy the conditions required to be classified in a certain level within the hierarchy. Any such transfer between different levels of the fair value hierarchy is made at the date the event in question that results in a change in circumstances occurs.

There were no transfers between different levels of the fair value hierarchy during the six months ended 30 June 2025, the six months ended 30 June 2024 or the year ended 31 December 2024.

22. Financial instruments (continued)

The following tables provide an analysis of financial assets and liabilities held within the Group Statement of Financial Position at fair value, grouped into Levels 1 to 3 of the fair value hierarchy.

Unaudited as at 30.06.25 £m	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held at FVOCI:				
Debt securities	**4,455.4**	**-**	**-**	**4,455.4**
Financial assets at FVTPL:				
Derivative financial instruments	**-**	**465.2**	**14.4**	**479.6**
Loans and advances to customers	**-**	**-**	**0.7**	**0.7**
Equity release portfolio	**-**	**-**	**271.6**	**271.6**
Equity share investments	**-**	**-**	**17.9**	**17.9**
Share warrants	**-**	**-**	**25.4**	**25.4**
Loan to defined benefit pension scheme	**-**	**-**	**12.0**	**12.0**
	4,455.4	**465.2**	**342.0**	**5,262.6**
Financial liabilities				
Financial liabilities at FVTPL:				
Derivative financial instruments	**-**	**220.3**	**13.8**	**234.1**
Fair value of put option obligation	**-**	**-**	**4.4**	**4.4**
	-	**220.3**	**18.2**	**238.5**
	4,455.4	**244.9**	**323.8**	**5,024.1**

Unaudited as at 30.06.24 £m	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held at FVOCI:				
Debt securities	4,074.1	47.4	-	4,121.5
Financial assets at FVTPL:				
Derivative financial instruments	-	926.5	27.1	953.6
Loans and advances to customers	-	-	0.9	0.9
Equity release portfolio	-	-	285.9	285.9
Equity share investments	-	-	13.1	13.1
Share warrants	-	-	18.3	18.3
	4,074.1	973.9	345.3	5,393.3
Financial liabilities				
Financial liabilities at FVTPL:				
Derivative financial instruments	-	286.5	39.1	325.6
Fair value of put option obligation	-	-	3.6	3.6
	-	286.5	42.7	329.2
	4,074.1	687.4	302.6	5,064.1

22. Financial instruments (continued)

Audited as at 31.12.24 £m	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held at FVOCI:				
Debt securities	4,349.6	-	-	4,349.6
Financial assets at FVTPL:				
Derivative financial instruments	-	736.8	15.3	752.1
Loans and advances to customers	-	-	0.9	0.9
Equity release portfolio	-	-	277.2	277.2
Equity share investments	-	-	16.9	16.9
Share warrants	-	-	21.9	21.9
	4,349.6	736.8	332.2	5,418.6
Financial liabilities				
Financial liabilities at FVTPL:				
Derivative financial instruments	-	209.0	16.1	225.1
Fair value of put option obligation	-	-	4.1	4.1
	-	209.0	20.2	229.2
	4,349.6	527.8	312.0	5,189.4

Movements in the Level 3 portfolio

The tables below analyse the movements in the Level 3 portfolio during the period:

Unaudited as at 30.06.25 £m	Equity share investments	Equity release portfolio	Loans and advances to customers	Derivative financial instruments	Fair value of put option obligation	Share warrants	Loan to defined benefit pension scheme	Total
At 1 January	**16.9**	**277.2**	**0.9**	**(0.8)**	**(4.1)**	**21.9**	**-**	**312.0**
(Loss) / gain recognised in Income Statement	**-**	**(4.1)[A]**	**-**	**5.4[B]**	**-**	**3.5[C]**	**(1.6)[D]**	**3.2**
Revaluation to goodwill	**-**	**-**	**-**	**-**	**(0.3)**	**-**	**-**	**(0.3)**
Accrued interest	**-**	**1.5[E]**	**-**	**(4.0)[E]**	**-**	**-**	**-**	**(2.5)**
Repayments	**-**	**(2.2)**	**(0.2)**	**-**	**-**	**-**	**(1.0)**	**(3.4)**
Realised losses	**-**	**(0.8)[F]**	**-**	**-**	**-**	**-**	**-**	**(0.8)**
Additions / other	**1.0**	**-**	**-**	**-**	**-**	**-**	**14.6**	**15.6**
At 30 June	**17.9**	**271.6**	**0.7**	**0.6**	**(4.4)**	**25.4**	**12.0**	**323.8**

22. Financial instruments (continued)

Notes

A. These are unrealised losses and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Equity release portfolio'.

B. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Derivatives associated with equity release portfolio'.

C. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Share warrants'.

D. These are unrealised losses and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Loan to defined benefit pension scheme'.

E. Included in the Income Statement line 'Interest receivable and similar income: Other'.

F. Included in the Income Statement line 'Impairment and provisions'; as presented within Note 9 line 'Realised losses on equity release portfolio'.

Unaudited as at 30.06.24 £m	Equity share investments	Equity release portfolio	Loans and advances to customers	Derivative financial instruments	Fair value of put option obligation	Share warrants	Total
At 1 January	10.5	293.3	0.9	(22.7)	(3.5)	15.1	293.6
(Loss) / gain recognised in Income Statement	(0.9)[A]	(6.9)[B]	-	12.5[C]	(0.1)[D]	3.2[E]	7.8
Revaluation to goodwill	-	-	-	-	(0.1)	-	(0.1)
Accrued interest	-	2.3[F]	-	(1.8)[F]	-	-	0.5
Repayments	-	(2.0)	-	-	-	-	(2.0)
Realised losses	-	(0.8)[G]	-	-	-	-	(0.8)
Additions / other	3.5	-	-	-	0.1	-	3.6
At 30 June	13.1	285.9	0.9	(12.0)	(3.6)	18.3	302.6

Notes

A. These are unrealised losses and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Equity share investments'.

B. These are unrealised losses and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Equity release portfolio'.

C. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Derivatives associated with equity release portfolio'.

D. These are unrealised losses and are included in the Income Statement. Of this figure, £0.1m arises from changes to exercise dates and the unwind of the discount and is included in the 'Interest payable and similar charges' line in the Income Statement, and £(0.2)m arises from revaluations of market values and is included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Put options held by minority shareholders'.

E. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Share warrants'.

F. Included in the Income Statement line 'Interest receivable and similar income: Other'.

G. Included in the Income Statement line 'Impairment and provisions'; as presented within Note 9 line 'Realised losses on equity release portfolio'.

22. Financial instruments (continued)

Audited as at 31.12.24 £m	Equity share investments	Equity release portfolio	Loans and advances to customers	Derivative financial instruments	Fair value of put option obligation	Share warrants	Total
At 1 January	10.5	293.3	0.9	(22.7)	(3.5)	15.1	293.6
Gain / (loss) recognised in Income Statement	1.1[A]	(12.6)[B]	-	21.9[C]	(0.3)[D]	5.9[E]	16.0
Revaluations to goodwill	-	-	-	-	(0.3)	-	(0.3)
Accrued interest	-	2.6[F]	0.1[F]	-	-	-	2.7
Repayments	-	(4.3)	(0.1)	-	-	-	(4.4)
Realised losses	-	(1.8)[G]	-	-	-	-	(1.8)
Additions / other	5.3	-	-	-	-	0.9	6.2
At 31 December	16.9	277.2	0.9	(0.8)	(4.1)	21.9	312.0

Notes

A. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Equity share investments'.

B. These are unrealised losses and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Equity release portfolio'.

C. These are unrealised gains and are included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Derivatives associated with equity release portfolio'.

D. Included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Put options held by minority shareholders'.

E. Included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL'; as presented within Note 6 line 'Share warrants'.

F. Included in the Income Statement line 'Interest receivable and similar income: Other'.

G. Included in the Income Statement line 'Impairment and provisions'; as presented within Note 9 line 'Realised losses on equity release portfolio'.

Level 3 valuation techniques

For the Level 3 financial instruments shown above, the valuation techniques remain unchanged from those disclosed in Note 44b) to the 2024 Annual Report and Accounts. During the period, the Group recognised a new Level 3 financial asset, a loan to the Skipton Building Society (2015) Group Pension Scheme as detailed below, and in Note 17. Whilst this represents a new valuation model, the valuation methodology and governance controls are consistent with those applied to other Level 3 instruments.

Equity release portfolio: Further details on the inputs into the valuation of the equity release portfolio, and the impact of reasonably possible alternative assumptions of certain inputs, are found in Note 1c).

Derivative financial instruments: Further details on the inputs into the valuation of derivatives, and the impact of reasonably possible alternative assumptions of certain inputs, are found in Note 1c).

Any change in fair value of the derivative liabilities associated with the equity release portfolio is offset to some extent by a corresponding but opposite change in the fair value of the equity release portfolio. These sensitivities are outlined in Note 1c). The characteristics and the valuation requirements differ slightly between the derivatives and the equity release portfolio resulting in the changes in fair value not offsetting completely. For the six months ended 30 June 2025 the net impact to the Income Statement was a credit of £1.3m (six months ended 30 June 2024: £5.6m credit; year ended 31 December 2024: £9.3m credit).

22. Financial instruments (continued)

Loan to defined benefit pension scheme: Further details on the inputs into the valuation of this loan, and the impact of reasonably possible alternative assumptions of certain inputs, are found in Note 1c).

For the six months ended 30 June 2025 the net impact to the Income Statement was a debit of £1.6m (six months ended 30 June 2024: £nil; year ended 31 December 2024: £nil).

c) Fair values of financial instruments not carried at fair value

The table below summarises the carrying values and fair values of those financial assets and liabilities not presented within the Statement of Financial Position at fair value.

£m	Unaudited as at 30.06.25		Unaudited as at 30.06.24		Audited as at 31.12.24	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
Financial assets						
Cash in hand and balances with the Bank of England	**1,281.8**	**1,281.8**	2,509.4	2,509.4	1,930.6	1,930.6
Loans and advances to credit institutions	**378.9**	**378.9**	482.1	482.1	414.6	414.6
Loans and advances to customers	**32,169.3**	**32,300.8**	29,674.7	29,728.5	30,601.1	30,804.7
Trade receivables	**76.4**	**76.4**	72.9	72.9	68.8	68.8
Other assets	**-**	**-**	0.1	0.1	0.1	0.1
	33,906.4	**34,037.9**	32,739.2	32,793.0	33,015.2	33,218.8
Financial liabilities						
Shares	**29,513.8**	**29,286.4**	27,534.0	27,502.4	28,268.5	28,239.2
Amounts owed to credit institutions	**459.4**	**459.4**	2,006.4	2,006.4	1,599.6	1,599.6
Amounts owed to other customers	**2,856.8**	**2,849.9**	2,739.5	2,749.1	2,751.1	2,753.8
Debt securities in issue	**2,910.8**	**2,902.8**	2,513.1	2,510.9	2,435.3	2,423.1
Lease liabilities	**101.1**	**101.1**	95.0	95.0	92.1	92.1
Trade payables	**11.7**	**11.7**	11.4	11.4	11.0	11.0
Subordinated liabilities	**703.6**	**710.4**	680.9	689.7	690.2	700.4
Subscribed capital	**41.6**	**68.5**	41.6	63.9	41.6	61.8
	36,598.8	**36,390.2**	35,621.9	35,628.8	35,889.4	35,881.0

The methodology and assumptions for determining the fair values of those financial assets and liabilities not presented within the Statement of Financial Position at fair value are set out on page 290 of the 2024 Annual Report and Accounts and remained materially unchanged in the period ended 30 June 2025.

23. Related party transactions

Transactions with related parties are entered into in the normal course of business. The Group has not entered into any new related party transactions during the half year ended 30 June 2025 that have materially affected the financial position or the performance of the Group during that period.

Except for the loan to the Skipton pension scheme (see below), related party transactions for the half year ended 30 June 2025 are similar in nature to those for the year ended 31 December 2024. Full details of the Group's related party transactions for the year ended 31 December 2024 can be found in Note 11 Related party transactions in the 2024 Annual Report and Accounts.

During the six months ended 30 June 2025, the Society advanced a loan of £14.6m to the Skipton Building Society (2015) Group Pension Scheme, a related party as defined by IAS 24. The loan is intended to support the Scheme's funding strategy and is repayable over 2 years, bearing interest at Bank Base Rate +1.65%. As at 30 June 2025, the outstanding balance was £12.0m. No credit loss provision has been recognised based on scenario-weighted cash flow forecasts.

24. Other financial commitments and contingent liabilities

As reported in the Group's 2024 Annual Report and Accounts (Note 39), the Society confirmed that it would provide continuing support to certain of its subsidiary undertakings that had net liabilities or which relied on the Society for ongoing funding.

There have been no significant changes in contingent liabilities during the half year ended 30 June 2025.

25. Subsequent events

There have been no material post balance sheet events between 30 June 2025 and the approval by the Board of this half-yearly financial report.

26. Segmental reporting

The Group's structure and reportable segments are outlined in the Financial Review on page 11.

Transactions between the segments are on normal commercial terms and conditions. The accounting policies of the reportable segments are consistent with the Group's accounting policies. The Group has not aggregated any of its operating segments for the purposes of financial reporting. Intra-group dividends are excluded from the segmental analysis presented as these are not included in the measure of segment profit or loss that is used by the Group's Board.

No geographical analysis is presented because substantially all of the Group's activities are conducted within the UK. Of the total external income, £34.1m (six months ended 30 June 2024: £32.2m; year ended 31 December 2024: £63.1m) was generated outside the UK.

Unaudited 6 months to 30.06.25 £m	Society	SIL	Connells	Other^	Total
Interest receivable and similar income	988.0	73.6	8.1	(77.2)	992.5
Interest payable and similar charges	(770.4)	(52.1)	(5.8)	90.1	(738.2)
Net interest income	217.6	21.5	2.3	12.9	254.3
Net non-interest income	21.2	0.1	559.0	5.6	585.9
Fair value gains / (losses) on hedged items and derivatives	11.2	(0.1)	-	(5.1)	6.0
Fair value losses on equity release portfolio	(4.1)	-	-	-	(4.1)
Fair value gains on share warrants	-	-	3.5	-	3.5
Fair value losses on put options held by minority shareholders	-	-	(0.2)	-	(0.2)
Fair value losses on other instruments mandatorily held at FVTPL	(1.1)	-	-	(0.4)	(1.5)
Realised profits on treasury assets held at FVOCI	0.3	-	-	-	0.3
Share of profits from joint ventures	-	-	0.9	-	0.9
Total income	245.1	21.5	565.5	13.0	845.1
Administrative expenses	(137.1)	(14.8)	(536.8)	(13.8)	(702.5)
Realised losses on equity release portfolio	(0.8)	-	-	-	(0.8)
Impairment and provisions for liabilities	(6.2)	0.1	(0.3)	(0.3)	(6.7)
Profit / (loss) before tax	101.0	6.8	28.4	(1.1)	135.1
Taxation	(26.9)	(1.1)	(6.3)	0.6	(33.7)
Profit / (loss) after tax	74.1	5.7	22.1	(0.5)	101.4
Total assets	37,227.3	2,615.5	676.1	(685.8)	39,833.1
Total liabilities	34,848.4	2,462.1	416.0	(648.5)	37,078.0
Total income can be analysed as follows:					
External income	275.2	4.8	555.8	9.3	845.1
Income from other segments	(30.1)	16.7	9.7	3.7	-
Total income	245.1	21.5	565.5	13.0	845.1

26. Segmental reporting (continued)

Unaudited 6 months to 30.06.24 (restated*) £m	Society	SIL	Connells	Other^	Total
Interest receivable and similar income	1,031.9	82.4	8.5	(80.9)	1,041.9
Interest payable and similar charges	(834.6)	(54.9)	(5.9)	92.4	(803.0)
Net interest income	197.3	27.5	2.6	11.5	238.9
Net non-interest income	22.0	0.1	503.0	7.1	532.2
Fair value gains on hedged items and derivatives	12.1	0.2	-	0.3	12.6
Fair value losses on equity release portfolio	(6.9)	-	-	-	(6.9)
Fair value gains on share warrants	-	-	3.2	-	3.2
Fair value losses on put options held by minority shareholders	-	-	(0.2)	-	(0.2)
Fair value losses on equity share investments mandatorily held at FVTPL	-	-	(0.9)	-	(0.9)
Fair value gains / (losses) on other instruments mandatorily held at FVTPL	1.9	-	-	(1.9)	-
Realised profits on treasury assets held at FVOCI	0.2	-	-	-	0.2
Share of profits from joint ventures	-	-	0.3	-	0.3
Total income	226.6	27.8	508.0	17.0	779.4
Administrative expenses	(122.5)	(9.4)	(488.1)	(6.4)	(626.4)
Realised losses on equity release portfolio	(0.8)	-	-	-	(0.8)
Impairment and provisions for liabilities	9.7	(0.2)	0.1	(4.8)	4.8
Profit before tax	113.0	18.2	20.0	5.8	157.0
Taxation	(30.8)	(1.8)	(5.3)	(0.3)	(38.2)
Profit after tax	82.2	16.4	14.7	5.5	118.8
Total assets	36,154.2	2,657.7	625.3	(715.9)	38,721.3
Total liabilities	33,952.8	2,501.4	383.5	(671.7)	36,166.0
Total income can be analysed as follows:					
External income	266.9	(0.1)	499.5	13.1	779.4
Income from other segments	(40.3)	27.9	8.5	3.9	-
Total income	226.6	27.8	508.0	17.0	779.4

26. Segmental reporting (continued)

Audited 12 months to 31.12.24 (restated*) £m	Society	SIL	Connells	Other^	Total
Interest receivable and similar income	2,083.5	166.4	17.8	(165.4)	2,102.3
Interest payable and similar charges	(1,676.3)	(114.6)	(12.3)	189.3	(1,613.9)
Net interest income	407.2	51.8	5.5	23.9	488.4
Net non-interest income	43.9	0.3	1,055.4	13.6	1,113.2
Fair value gains / (losses) on hedged items and derivatives	28.8	(0.1)	-	(4.8)	23.9
Fair value losses on equity release portfolio	(12.6)	-	-	-	(12.6)
Fair value gains on share warrants	-	-	5.9	-	5.9
Fair value losses on put options held by minority shareholders	-	-	(0.3)	-	(0.3)
Fair value gains on equity share investments mandatorily held at FVTPL	-	-	1.1	-	1.1
Fair value (losses) / gains on other instruments mandatorily held at FVTPL	(4.0)	-	-	4.0	-
Realised losses on treasury assets held at FVOCI	(1.8)	-	-	-	(1.8)
Share of profits from joint ventures	-	-	1.4	-	1.4
Total income	461.5	52.0	1,069.0	36.7	1,619.2
Administrative expenses	(262.0)	(21.4)	(1,008.9)	(20.0)	(1,312.3)
Realised losses on equity release portfolio	(1.8)	-	-	-	(1.8)
Impairment and provisions for liabilities	12.2	0.4	1.2	(0.3)	13.5
Profit before tax	209.9	31.0	61.3	16.4	318.6
Taxation	(56.7)	(3.1)	(15.8)	(2.5)	(78.1)
Profit after tax	153.2	27.9	45.5	13.9	240.5
Total assets	36,628.3	2,618.6	649.1	(880.7)	39,015.3
Total liabilities	34,322.9	2,466.6	396.8	(838.4)	36,347.9
Total income can be analysed as follows:					
External income	550.2	1.4	1,051.4	16.2	1,619.2
Income from other segments	(88.7)	50.6	17.6	20.5	-
Total income	461.5	52.0	1,069.0	36.7	1,619.2

* In accordance with IFRS 8 *Operating Segments*, the Group has expanded the above segmental analysis to show the breakdown of 'Net interest income' between 'Interest receivable and similar income' and 'Interest payable and similar charges'. The information shown for the six months ended 30 June 2024 and for the year ended 31 December 2024 is therefore restated to present on this updated basis. The impacts of this change are presentational only and there is no impact on the amounts reported for the six months ended 30 June 2024 or for the year ended 31 December 2024.

^ The 'Other' category comprises segments that are not separately reportable, together with the impact of Group consolidation adjustments. The Other category therefore includes amounts relating to all Group entities except for the Society, SIL and Connells. Amounts relating to Group consolidation adjustments include the elimination of intra-group transactions such as intercompany fees.

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