Half-Yearly Financial Report 2026

Contents

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 elevated but stabilising interest rates, higher borrowing costs and cost-of-living pressures; geo-political and economic uncertainties created by the events in the Middle East; increasing regulatory and compliance requirements, alongside systemic shifts from digital transformation and competition; while operational risk events such as a cyber-attack or national infrastructure failure, natural disasters and intensifying climate change 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.

Group Chief Executive's Review

"As a mutual, we take decisions with the long-term in mind, investing where we can make the greatest difference for members, customers and the communities we serve".

Stuart Haire,
Group Chief Executive

We have delivered a good first half, growing our mortgage and savings balances significantly faster than the market, and particularly supporting first-time buyers and those wanting advice as they plan for their futures. We have done this whilst investing across the Group to deliver for our members and customers.

Our purpose, to help people have a home, save for life ahead, and support long-term financial wellbeing, is as important today as it was when Skipton was founded 173 years ago.

Skipton Group's businesses give us broader reach across the housing and savings markets, helping us support more members and customers in delivering on our purpose.

Performance and financial strength

The first six months of the year were marked by heightened market volatility. Against that backdrop, the Group delivered profit before tax of £110.3m (six months ended 30 June 2025: £135.1m).

The Society delivered a strong first half, growing faster than the market for both mortgages and savings, and delivering more value to members.

Society net interest income increased to £219.5m (six months ended 30 June 2025: £217.6m), while Society mortgage and savings balances grew 7.8% and 5.9% year-on-year respectively (12 months to 30 June 2025: 8.3% and 6.9% respectively), with a continued focus on unlocking home ownership for 11,497 more first-time buyers (six months ended 30 June 2025: 12,322).

Connells group protected its market-leading position and invested for the future in a very challenging housing market. Its breadth of businesses across the property value chain, including Lettings with 122,872 properties under management (31 December 2025: 122,528 - revised) and Surveying services, provided an important buffer in tougher market conditions.

Our other Group businesses performed in line with expectations, while continuing to invest for future growth and resilience, including through acquisition (Jade) product expansion (Skipton Business Finance) and strengthened controls (Skipton International).

Delivering our purpose

Helping people have a home

Continuing to support first-time buyers, our Track Record mortgage is now in its third year, and first-time buyers accounted for 46% of new lending (six months ended 30 June 2025: 50%). We expanded our Delayed Start mortgage and simplified our approach to pricing, making it easier for more people to access a mortgage and helping us grow our market share to 1.96% (Source: Bank of England statistics, May 2026) (31 December 2025: 1.91%).

We have made it simpler to work with us too. Changes to broker journeys and improved underwriting have increased approval rates and maintained high broker satisfaction, with a score of 90% (31 December 2025: 91%). For borrowers, we made our processes faster, reducing the time from application to offer by two days.

In the first half of the year, members have benefited from access to more protection products including income and life insurance through our new partnership with LifeSearch.

Group Chief Executive's Review (continued)

Making money work harder

Our commitment to offering strong value to savers resulted in paying 0.65% above market average interest rates (five months ended 31 May 2025: 0.67%) and generated £80.8m of value for our savers (five months ended 31 May 2025: £78.1m) (Source: CACI Current Account & Savings Database, Stock – for the five-months to 31 May).

We continue to support members with access to financial guidance and planning, alongside provision of Regulated Advice, delivering 43,751 Regulated and Non-regulated advice conversations (six months ended 30 June 2025: 45,228), with funds under management of £5.7bn (31 December 2025: £5.3bn).

During ISA season, we supported members by providing education on how to make the most of tax-free savings' allowances, opening over 40,000 new ISA accounts and increasing our market share to 1.41% (Source: Bank of England statistics, May 2026) (31 December 2025: 1.39%).

Making membership matter

We use insights from our members to influence change on the issues that matter most. Our Skipton Group Home Affordability Index informs our product innovation and external engagement, supporting our work to champion practical policy changes on lending limits and reforms to make the home buying and selling process simpler, faster and more certain.

Members also shape how we support our communities. At our Annual General Meeting, more than 60,000 members voted for Help for Heroes as our next charity partner who will receive over £1.6m over the next three years.

Our members remain highly satisfied with the products and service they receive from us with a Society net customer satisfaction score of 89% (31 December 2025: 90%).

Investing for the future

Across the Group, we are investing to modernise our businesses, helping us better serve members and customers and simplify how we work. Within the Society, we are investing in digital and data capabilities to improve member experience. Almost 50,000 members signed up to our new mobile App in the first quarter, and we have made our advice conversations more accessible, with the introduction of video appointments.

At Connells, we are continuing to invest in technology to deliver a more consistent experience for customers. This includes a significant upgrade across c.1,200 branches, replacing 15,000 PCs and telephones. Through our investment in Legal Marketing Services (LMS), we are also helping to digitise the home buying and selling journey, to make it faster and more reliable.

Growing our colleagues and talent

None of this would be possible without the commitment of colleagues across the Group. This has been recognised externally, with Skipton named the UK's top Building Society in the Financial Times Best Employers list and Connells recognised as a Sunday Times Best Place to Work for the second year running.

We are also continuing to build a more inclusive culture, where colleagues from all backgrounds can thrive. Our latest Gender Pay Gap Report shows an increase in the number of women in senior roles, and we were recently recognised for Diversity and Inclusion in the FT Workplace Excellence Awards.

Financial Times Workplace Excellence Awards: Highly Commended

Continuing with purpose through 2026

As we look ahead to the rest of 2026, our priority is clear: delivering long-term value for our members and doing more of what matters most to them. We are operating in a more uncertain environment, but our purpose gives us clarity. It guides the choices we make and keeps us focused on supporting our members through change.

What matters is that we use the strength of the Group to deliver for members, whether that's better value, better service, helping more people access a home or supporting them to build financial security over the long term.

I would like to thank all our colleagues across the Group. Their commitment is what turns our purpose into something members and customers see and feel every day.

S Haire

Group Chief Executive
30 July 2026

Financial Review

"Against a backdrop of economic uncertainty, heightened competition and subdued housing market activity, the Group has demonstrated the resilience of our business model. Balance sheet growth remained strong, asset quality continues to be robust, and our capital and liquidity positions have strengthened further.

Whilst market conditions have impacted profitability, particularly within our property services businesses, the underlying strength of the Society and the broader reach provided by Skipton Group's business across the housing and savings market leave us well positioned to support our members and deliver sustainable long-term growth."

Paul Chambers,
Group Chief Financial Officer

Key financial performance indicators			
Group profit before tax (PBT) to ensure we generate the capital necessary to grow the business	Jun'26 Jun'25	£110.3m £135.1m	Page 6
Underlying Group PBT to ensure we generate the necessary capital to grow the business	Jun'26 Jun'25	£112.2m £131.9m	Page 6
Group net interest margin (percentage of mean assets) to manage the earnings of our business	Jun'26 Jun'25	1.24% 1.30%	Page 6
Costs to mean assets (Society only) to maintain a manageable cost base to ensure we remain efficient	Jun'26 Jun'25	0.71% 0.75%	Page 7
Retail savings growth (year-on-year) to ensure sustainable growth in order to fund lending, in line with our purpose	Jun'26 Jun'25	5.9% 6.9%	Page 7
Liquidity Coverage Ratio (LCR)* to ensure we hold sufficient levels and quality of liquidity	Jun'26 Dec'25	186% 178%	Page 9
Mortgage book growth (year-on-year) to ensure core asset growth and drive income, supporting more home ownership	Jun'26 Jun'25	7.3% 6.9%	Page 9
Residential mortgages in arrears (UK only - by three months or more) to ensure asset quality and financial resilience	Jun'26 Dec'25	0.32% 0.30%	Page 9
Common Equity Tier 1 (CET1) ratio* to ensure financial strength by having a strong (risk weighted) capital base	Jun'26 Dec'25	27.9% 28.2%	Page 10
Leverage ratio* to ensure financial strength by having a strong (non-risk weighted) capital base	Jun'26 Dec'25	6.7% 6.7%	Page 10

* Presented on a Prudential Group (PG) basis, being the full Group excluding a small number of subsidiaries deemed as immaterial, or where not core to financial services, such as Connells and Jade.

Financial Review (continued)

Economic conditions in the UK during the first half of 2026 were characterised by modest but uneven growth, and renewed inflationary uncertainty, driven by the conflict in the Middle East. While the Bank of England maintained Base Rate at 3.75% throughout the period, affordability pressures persisted as borrowers refinanced at higher rates post Covid-era lows. In addition, the labour market continues to soften, with rising unemployment and easing wage growth, also contributing to a more subdued environment. The geo-political tensions and ongoing affordability constraints have also led to a stable but subdued UK housing market, characterised by weakened demand as buyers remain cautious, with house prices remaining largely unchanged.

Group financial performance

Skipton Group has performed well amidst this economic uncertainty, underpinned by continued balance sheet growth and a stable capital position, despite greater pressures on margin, driven by increased competition for savings and more volatile rates on mortgages. Transaction volumes in the housing market have contracted, though supported somewhat by remortgaging, but there has been pressure on conversion rates as competition for listings and buyers remained high.

As a result, Group PBT has reduced to £110.3m (six months ended 30 June 2025: £135.1m), attributable in the main to Connells who made a loss of £(0.5)m. As noted, the market for housing transactions has been more subdued compared to the same period last year, which was significantly impacted by the stamp duty change at the end of March 2025, which positively impacted transaction volumes then. The Society continued to perform well however, with profits of £99.6m (six months ended 30 June 2025: £101.0m), driven by growth in the balance sheet; while SIL PBT of £5.4m is £1.4m lower than last year.

Net interest margin contracted to 1.24% (six months ended 30 June 2025: 1.30%), with margin reducing across both the Society and SIL.

Administrative expenses increased by 4.0% to £730.9m (six months ended 30 June 2025: £702.5m). Salaries (including restructure costs) and general price inflation, together with a higher cost base at Connells following acquisitions in 2025, has been offset partially through careful cost management in the Society and lower spend at SIL, after investing to transition the business in 2025.

Group performance by segment

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

- **Society** – supporting home financing and helping make money work harder, split between our Homes and Money businesses;
- Skipton International (**SIL**) – home financing and money;
- **Connells** – property services group, combining residential sales and lettings, mortgage services, conveyancing, surveying and valuations; and
- **Other** – comprising interests in a small number of other business lines, namely Skipton Business Finance (SBF) – invoice finance and asset-based lending, and Jade – AI and software, together with the impact of Group consolidation adjustments.

Group statutory results by segment were as follows:

£m	6 months to 30.06.26	6 months to 30.06.25
Society	**99.6**	101.0
SIL	**5.4**	6.8
Connells	**(0.5)**	28.4
Other	**5.8**	(1.1)
Group PBT	**110.3**	135.1

The Board monitors and reports profits at both a statutory level, governed by accounting standards and practices, and at an 'underlying' level giving greater transparency of the performance of the Group's ongoing trading activities – the definition of which is detailed on page 37 of the published 2025 Annual Report and Accounts, with the addition of two items (denoted with *) occurring in the current period only, which are not considered to form part of the normal trading/business activities of the Group.

£m	6 months to 30.06.26	6 months to 30.06.25
Total Group PBT	**110.3**	135.1
Add back / (less) fair value losses / (gains) in relation to the equity release portfolio	**2.0**	(1.3)
Less fair value gains on share warrants and equity share investments	**-**	(3.5)
(Less) / add back fair value (gains) / losses on loan to the defined benefit pension scheme	**(2.5)**	1.6
Less profit on disposal of held for sale assets*	**(2.1)**	-
Add back restructuring costs*	**4.5**	-
Underlying Group PBT	**112.2**	131.9

Financial Review (continued)

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

£m	6 months to 30.06.26	6 months to 30.06.25
Society	**99.0**	101.3
SIL	**5.4**	6.8
Connells	**2.0**	24.9
Other	**5.8**	(1.1)
Underlying Group PBT	**112.2**	131.9

A breakdown of the results of each segment can be found in Note 2 to the Condensed Consolidated Financial Statements.

Society

The Society delivered another good first half performance with underlying PBT of £99.0m (six months ended 30 June 2025: £101.3m).

Net interest income amounted to £219.5m (six months ended 30 June 2025: £217.6m). Net interest margin reduced slightly to 1.14% (six months ended 30 June 2025: 1.19%) driven by new business margins being lower than on maturing business, as Money customers seek higher-value savings products and Homes customers refinance onto new borrowing terms.

Administrative expenses reduced slightly by £0.2m, compared to the same period last year, at £136.9m (six months ended 30 June 2025: £137.1m). Costs have been well-controlled, with savings across both people (team restructuring) and office costs, despite salary increases and inflationary pressures more generally.

Our ratio of costs to mean assets has reduced in the period to 0.71% (six months ended 30 June 2025 0.75%) as a result of the lower administrative expenditure and balance sheet growth.

- ### Homes

Gross mortgage advances totalled £3,735m (six months ended 30 June 2025: £3,250m). Net lending was £1,207m (six months ended 30 June 2025: £1,317m), representing growth of 3.9% (six months ended 30 June 2025: 4.6%). On a year-on-year basis, mortgage growth was 7.8% (12 months to 30 June 2025: 8.3%).

Net lending has benefitted from new initiatives, and retention through highly competitive products, despite an unsettled market and mortgage rate volatility.

The average loan-to-value (LTV) of new lending by the Society in the period (calculated on a valuation-weighted basis) was 67.9% (year to 31 December 2025: 68.4%). We consider our new lending to remain prudent and the mortgage book to be well diversified. This is echoed in the quality of our residential loan book, which remained good, with low arrears (see page 9 for further details).

At the period end, the Homes business's residential impairment loss allowance was £22.1m (31 December 2025: £20.9m). A residential mortgage impairment charge of £1.6m was recorded in the period (six months to 30 June 2025: £4.6m charge), which has resulted from changes to the Group's forward-looking economic assumptions, as discussed further in Note 1c).

The Group's commercial mortgage portfolio (closed to new business since 2008) continued to run off, decreasing by £21.6m (six months ended 30 June 2025: £7.9m reduction).

At 30 June 2026 the commercial impairment loss allowance stood at £2.6m (31 December 2025: £2.6m), with a charge to the Income Statement of £0.5m (six months ended 30 June 2025: £0.8m charge).

The Homes business holds an equity release mortgage book which is also closed to new business. We have seen a net fair value loss on the portfolio and associated derivatives of £2.0m (six months ended 30 June 2025: £1.3m net gain), driven by changes in market expectations of long-term economic indicators.

- ### Money

Savings balances have increased by £748.4m since the end of 2025, representing growth of 2.5% (six months ended 30 June 2025: 4.2%), compared to the UK savings market where net savings grew by only 1.0%. Year-on-year growth is 5.9% (12 months to 30 June 2025: 6.9%); increasing our market share of balances to 1.41% (31 December 2025: 1.39%) (Source: Bank of England Statistics, May 2026).

We hold cash Lifetime ISA (LISA) balances of £1,129m (31 December 2025: £1,126m), with these customers benefitting from government bonuses in the period of £25.3m (six months ended 30 June 2025: £32.2m).

Net non-interest income, predominantly financial advice fees, was £24.4m (six months ended 30 June 2025: £21.2m). Funds under management, as part of our financial advice offering, totalled £5.7bn (31 December 2025: £5.3bn).

Financial Review (continued)

Skipton International (SIL)

In the first half of 2026, SIL continued to stabilise, enhancing its control framework and regulatory environment while strengthening its client proposition. This stabilisation has resulted in an underlying PBT of £5.4m (six months ended 30 June 2025: £6.8m).

Balance sheet volumes remained broadly stable, with mortgage balances of £2,075m (31 December 2025: £2,082m) and deposits of £2,267m (31 December 2025: £2,369m). Net interest margin decreased to 1.52% compared with 1.66% in the same period last year, primarily due to lower mortgage hedging income following the exceptional benefit derived from interest rate increases in earlier years.

Encouragingly, underlying mortgage book yields of 4.77% (six months ended 30 June 2025: 4.68%) and cost of funds of 3.79% (six months ended 30 June 2025: 4.40%) indicate that the core business continues to perform well. Asset quality remains strong, with 14 cases in arrears by three months or more (31 December 2025: seven cases). However, changes in macroeconomic assumptions have resulted in an impairment charge of £0.4m (six months ended 30 June 2025: £0.1m credit).

Overall, management expenses decreased by 11.5% to £13.1m (six months ended 30 June 2025: £14.8m), with the ratio of costs to mean assets decreasing to 1.06% (six months ended 30 June 2025: 1.14%), primarily driven by a reduction in non-permanent staff costs.

Connells

A later-than-usual Budget and political uncertainty slowed momentum in the housing market towards the end of 2025. The new year saw promising signs, with first-time buyers kick-starting the market amidst falling mortgage rates and easing cost-of-living pressures. However, renewed global uncertainty, following the start of the conflict in the Middle East, fed through to rising inflation expectations with mortgage rates moving higher in March, unsettling the market and unwinding the early-year optimism.

The market remains active but cautious, as affordability pressures and economic uncertainty have weakened demand, particularly in London and the South. As a result, Connells had a challenging first half of the year, with underlying PBT of £2.0m, down on last year (six months ended 30 June 2025: £24.9m), which benefitted from boosted activity ahead of the Stamp Duty changes – with March 2025 having seen the highest number of exchanges since 2021, and pipeline conversion being the highest ever recorded. In contrast, the number of properties that the business exchanged contracts on was 7% lower than the same period in 2025. Opening sales pipeline was 5% down on last year, while it is also taking longer, on average, for a sale to progress from offer-agreed to exchange.

The Surveying business performed well however, with cases on par with last year after benefitting from a short-term increase in lender instructions through March and April as customers moved to remortgage before rates increased. Connells' Mortgage Services proposition also continued to perform well, with the number of mortgages arranged consistent with the first half of 2025, with activity geared towards remortgages as low-rate fixed term mortgages come to an end, and people look for best value amidst rising rates. Smaller case sizes and repeat custom ultimately resulted in lower income though. Lending generated for UK mortgage providers totalled £13.8bn (six months ended 30 June 2025: £12.7bn*).

Lettings saw improved income realising increased fees, with properties under management increasing slightly to 122,872 at the period end (31 December 2025: 122,528 - revised). Connells has supported its landlords and tenants through the implementation of the Renters' Rights Act, navigating the new laws and ensuring compliance.

Administrative expenses totalled £559.4m excluding restructuring costs (six months ended 30 June 2025: £536.8m); increasing by £22.6m (4.2%), driven in the main by salary inflation, offset partially by lower variable pay from commission savings linked to dampened trading; as well as from investment spend and a widened cost base following several acquisitions made in 2025.

Other

Skipton Business Finance (SBF) generated a pre-tax profit of £5.3m (six months ended 30 June 2025: £5.2m). Total drawn funds increased to £208.5m (31 December 2025: £200.6m) despite client numbers falling to 843 (31 December 2025: 887). The growth in total lending is a result of SBF's key strategic priority to onboard larger client transactions across the core Invoice Finance proposition and to support SME's access additional funding routes through a newly launched Asset Based Lending product. The quality of SBF's lending continues to be good, with impairment as a percentage of drawn funds remaining low at 0.67% (31 December 2025: 0.71%).

Jade reported a loss of £(0.4)m for the period (six months ended 30 June 2025: £0.4m).

* Re-presented on a like-for-like basis to exclude lending generated by the Mortgage Intelligence business - sold in December 2025.

Financial Review (continued)

Group financial position

Total Group assets have increased 2.7% to £41.8bn at 30 June 2026 (31 December 2025: £40.7bn).

Liquidity

Liquid assets at 30 June 2026 were £6.0bn (31 December 2025: £6.0bn). LCR stood at 186% (31 December 2025: 178%). When measured as a percentage of shares, deposits and borrowings, the liquidity ratio remained strong at 15.7% (31 December 2025: 16.2%).

At 30 June 2026, the Society held £5.3bn (31 December 2025: £5.0bn) of High-Quality Liquid Assets (HQLA) as analysed below:

£m	30.06.26	31.12.25
Balances with the Bank of England	**1,961.2**	1,358.4
Gilts	**478.7**	492.5
Treasury bills	**165.0**	233.2
Fixed rate bonds	**1,361.8**	1,531.0
Residential mortgage-backed securities	**565.8**	619.0
Covered bonds	**745.7**	813.5
	5,278.2	5,047.6

* The table differs to the total amount of liquid assets shown within the Group's Condensed Statement of Financial Position (30 June 2026: £6.0bn; 31 December 2025: £6.0bn) 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.

Over 98% of the Group's treasury investments are rated A3 or better (31 December 2025: 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, through both the Homes business and SIL. Mortgage balances saw growth of 3.6% in the period (six months ended 30 June 2025: 4.2%) and by 7.3% year-on-year (12 months to 30 June 2025: 6.9%), increasing to £34.6bn.

As at 30 June 2026, the average valuation-weighted LTV of the total residential mortgage book (excluding equity release) was 50.0% (year to 31 December 2025: 48.8%), a slight increase due to the increasing proportion of first-time buyers; and well within the Group's set quantitative credit risk appetite limits.

Group residential mortgages in arrears by three months or more represents 0.31% totalling 639 cases (31 December 2025: 0.30% being 599 cases). This compares to an industry average of 0.77% (Source: UK Finance, residential mortgages in arrears by more than three months at 31 March 2026 – being the latest available data).

The commercial lending portfolio stands at £84.8m as at 30 June 2026 (31 December 2025: £92.2m) with an average loan size of £220k. The proportion of accounts in arrears by three months or more in this portfolio remained unchanged in the period at 2.68%, reducing to 10 cases (31 December 2025: 2.68% / 11 cases) as the book continued to run off.

At 30 June 2026, the fair value of the Group's equity release portfolio was £255.3m (31 December 2025: £263.1m). The change in fair value of the equity release mortgages is primarily related to increases in interest rate expectations, which increases the discount rate applied to the cash flows – see Note 1c) for further details.

Funding

We remain primarily funded by retail savings:

£m	30.06.26	31.12.25
Shares held by individuals (note A)	**30,932.9**	30,167.9
Wholesale funding (note B)	**4,514.5**	4,040.2
Total funding	**35,447.4**	34,208.1

Notes

A. Excludes shares held by others and fair value adjustments totalling £301.6m (31 December 2025: £358.4m), which are classified as wholesale funding.

B. Wholesale funding balances exclude £2,266.6m (31 December 2025: £2,368.5m) of offshore funding in our Channel Islands based subsidiary, SIL.

- ### Retail Funding

Retail funding as a percentage of total funding was 86.6% (31 December 2025: 87.5%). As at 30 June 2026, £31.2bn (31 December 2025: £30.5bn) of our funding came from retail savings (member deposits), with growth of £0.7bn seen in the period, representing an increase of 2.5% (six months ended 30 June 2025: 4.2%). On a year-on-year basis, savings grew 5.9% (12 months to 30 June 2025: 6.9%).

In addition to our UK retail funding, the Group also accepts deposits through our Channel Islands based subsidiary, SIL, with balances totalling £2.3bn (31 December 2025: £2.4bn). These balances are included in 'Amounts owed to other customers' within the Statement of Financial Position.

Financial Review (continued)

- **Wholesale funding**

We access the remainder of our funding requirements through the wholesale markets, maintaining a diverse funding portfolio to prevent over-reliance on any one source. At the period end our wholesale funding balances amounted to £4.5bn (31 December 2025: £4.0bn). The increase reflects a new £500m 5-year covered bond issued in May.

The credit ratings of the Society are assigned by two major credit rating agencies, Fitch and Moody's. The ratings from both agencies remain on a stable outlook. On 15 May, Moody's affirmed the Society's A2/P-1 Bank Deposit ratings, A2 Senior Unsecured and Baa1 Senior Non-Preferred Debt ratings. While on 12 May, Fitch, following publication of new ratings criteria, upgraded the Society's Long Term Issuer Default Rating (IDR) to 'A' from 'A-'. The Resolution Debt (formerly Senior Non-Preferred Debt) was downgraded to 'BBB+' from 'A-' as expected. The Society's long-term deposit rating was upgraded to 'A+' from 'A' and the Society's short-term deposit ratings were affirmed at 'F1'.

Regulatory capital and risk-weighted assets (RWAs)

Total regulatory capital has increased by £84.1m to £2,674.1m as at 30 June 2026 (31 December 2025: £2,590.0m). This is mainly due to the retained profits accumulated during the period.

RWAs increased by £392.5m in the period to £9,533.9m (31 December 2025: £9,141.4m). This increase is principally driven by strong residential mortgage book growth in the period.

The Society continues to work with the Prudential Regulation Authority (PRA) to update its Internal Ratings-Based (IRB) system in line with current RWA regulatory requirements.

The CET1 ratio has decreased to 27.9% (31 December 2025: 28.2%), as the increase in RWAs slightly exceeded the growth in CET1 capital over the period.

The UK leverage ratio remained stable at 6.7% (31 December 2025: 6.7%).

Prudential Group regulatory capital composition

£m	30.06.26	31.12.25
Capital resources		
CET1 Capital / Total Tier 1 capital	**2,658.9**	2,575.0
Total Tier 2 capital	**15.2**	15.0
Total regulatory capital	**2,674.1**	2,590.0
RWAs	**9,533.9**	9,141.4
Capital and leverage ratios		
CET1 ratio / Tier 1 ratio	**27.9%**	28.2%
Total capital ratio	**28.0%**	28.3%
Leverage ratio	**6.7%**	6.7%

Minimum Requirement for Own Funds and Eligible Liabilities (MREL)

At 30 June 2026, total MREL resources, including MREL eligible senior non-preferred debt, were 31.8% of RWAs (31 December 2025: 32.2%) which exceeds the MREL requirement of 21.1% of RWAs plus capital buffers.

Further detailed information can be found in the Group's Pillar 3 Disclosures, which are published on the Society's website at skipton.co.uk/about-us/pillar-3-disclosure.

P Chambers
Group Chief Financial Officer
30 July 2026

Principal and Emerging Risks and Uncertainties

"During the period, the UK economy has continued to react to heightened geopolitical risk and associated cost of living pressures. Growth remained modest and there are early signs of a softening labour market, contributing to a more uncertain outlook.

Against this backdrop, we remain well placed to support our members. Our strong financial position and prudent approach allow us to respond to changing conditions while continuing to deliver value for members. We remain focused on ensuring we can adapt effectively as the external environment evolves."

Steve O'Regan,
Group Chief Risk Officer

Principal and emerging risks and uncertainties

The Group operates a formal Risk Management Framework across the businesses and supports the ongoing identification, assessment and management of principal risks. Through this framework, the Board maintains a forward-looking view of the risk profile and remains satisfied that the Group is well placed to respond to evolving risks as they emerge. Further detail on the Group's risk management approach is set out in the Risk Management Report within the 2025 Annual Report and Accounts.

The outlook for the Group remains positive, with the principal risks faced by the Group, together with the key mitigating actions in place, remaining unchanged from those disclosed on pages 48 to 53 of the 2025 Annual Report and Accounts. These risks continue to reflect the external environment as well as the nature and scale of the Group's activities.

The Group actively considers emerging risks that could impact long-term viability and the delivery of strategic objectives. These risks are regularly monitored to ensure appropriate oversight and timely mitigation. The most significant emerging risks are described below, together with the actions being taken to manage them.

S O'Regan

Group Chief Risk Officer
30 July 2026

Risk description	Mitigation
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 members and customers.	The Group carefully plans for different possible scenarios to ensure we are ready to handle and recover from major risk events. We also invest in our IT systems and operations to improve overall resilience and our ability to respond quickly to new and changing threats. We have robust procurement and supplier management policies to ensure that outsourced service providers can maintain their services and service standards, even in a stressed environment.
Changing customer behaviours	
The risk of an adverse impact on profitability if customers are more actively seeking a better interest rate through ease of switching and increased competition.	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 these risks by investing in digital infrastructure, enhancing our customer engagement strategies, and developing our product offerings to meet evolving customer needs and behaviours. Supporting more of our members to interact digitally and removing more paper from our journeys supports our ambitions to become paperless.

Principal and Emerging Risks and Uncertainties (continued)

Emerging risks (continued)

Risk description	Mitigation
Economic environment and geopolitical	
A significant escalation in ongoing or new conflicts, or a significant change in government policy or sudden economic impacts to the housing market, could detrimentally impact growth plans.	Macroeconomic and geopolitical risks continue to be closely monitored across the Group, particularly given the uncertain near-term outlook. Risks relating to the housing market, and the future path of UK inflation and interest rates, are actively considered within our strategic planning to ensure potential impacts can be identified and managed in a timely way. We also carry out regular stress testing against severe but plausible scenarios to assess our resilience. We continue to monitor both direct and secondary impacts arising from geopolitical developments, alongside any changes to government policy.
Technology and innovation	
Potential for losses or operational disruptions that can arise from the use, ownership, operation, influence, and adoption of technology e.g. cybersecurity, Artificial Intelligence (AI), Cloud, third party risk management.	We continue to strengthen our governance, processes and controls, including robust cybersecurity measures, regular system maintenance and disaster recovery planning. We are closely monitoring developments in AI and building our understanding of the associated risks and opportunities. Governance and oversight continue to evolve to ensure its use remains responsible and aligned to our risk appetite. This enables us to strengthen controls and safeguards, while also recognising the potential for AI to improve efficiency and enhance member outcomes. We continue to balance the opportunities presented by technologies such as 'the cloud' with the need for effective risk management, ensuring our systems and processes remain secure and resilient by design.
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 to support compliance with existing and new regulations across the Group. We engage proactively with regulators and industry bodies to stay ahead of regulatory changes and emerging requirements. By maintaining a forward-looking approach, the Group aims to manage regulatory risks effectively, safeguard our members' interests and support sustainable growth in a dynamic landscape.
Environmental, Social and Governance (ESG) and climate risk	
The risk associated with increased supervisory expectations and regulatory requirements for ESG and disclosure requirements.	The Group is committed to embedding the management of ESG and climate risk across its businesses. Our 2025 Group Sustainability Report details our approach to managing these risks. 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 2026 and beyond.
Group reputational risk	
The risk that a significant event within a Skipton Group business detrimentally impacts the Group or an individual Group business, leading to operational, financial and reputational impacts.	The Skipton Group brand has continued to develop and become more prominent throughout the first half of the year. We continue to look for product opportunities for members, customers and colleagues by harnessing the power of the Group. We have strengthened our Group operating model and Risk Management Framework, with further enhancements planned through the remainder of 2026 to ensure the right resources and capabilities are in place to manage associated risks effectively.

Interim Condensed Consolidated Financial Statements

Condensed Consolidated Income Statement

For the half year ended 30 June 2026

£m	Notes	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Interest receivable and similar income:			
Accounted for using effective interest rate method	3	**910.9**	983.8
Other	3	**9.0**	8.7
Total interest receivable and similar income		**919.9**	992.5
Interest payable and similar charges	4	**(665.8)**	(738.2)
Net interest receivable		**254.1**	254.3
Fees and commissions receivable	5	**593.7**	587.6
Fees and commissions payable		**(3.4)**	(3.0)
Fair value gains on financial instruments	6	**0.7**	3.7
Other operating income	7	**1.3**	2.5
Total income		**846.4**	845.1
Administrative expenses	8	**(730.9)**	(702.5)
Operating profit before impairment and provisions		**115.5**	142.6
Impairment and provisions	9	**(5.2)**	(7.5)
Profit before tax		**110.3**	135.1
Tax expense	10	**(26.3)**	(33.7)
Profit for the period		**84.0**	101.4
Attributable to:			
Members of the Society		**83.6**	101.3
Non-controlling interests		**0.4**	0.1
Profit for the period		**84.0**	101.4

Segmental performance of the Group is shown in Note 2.

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 2026 £m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Profit for the period	84.0	101.4
Items that will not be reclassified to the Income Statement:		
Remeasurement of net defined benefit obligations	0.3	(18.5)
Taxation on items that will not be reclassified	-	5.0
Items that may subsequently be reclassified to the Income Statement:		
Cash flow hedging reserve:		
Fair value movements taken to equity	(11.8)	2.3
Amounts transferred to the Income Statement	7.9	(12.4)
Fair value reserve:		
Fair value movements taken to equity	6.6	3.9
Cost of hedging reserve:		
Fair value movements taken to equity	(0.1)	0.8
Exchange differences on translation of foreign operations	0.1	-
Taxation on items that may be reclassified	(0.9)	1.5
Other comprehensive income / (expense)	2.1	(17.4)
Total comprehensive income for the period	86.1	84.0
Attributable to:		
Members of Skipton Building Society	87.4	80.2
Non-controlling interests	(1.3)	3.8
Total comprehensive income for the period	86.1	84.0

The accompanying Notes form an integral part of this condensed consolidated Half-Yearly Financial Report.

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

£m	Notes	Unaudited as at 30.06.26	Audited as at 31.12.25
Assets			
Cash in hand and balances with the Bank of England		**1,962.5**	1,360.2
Loans and advances to credit institutions		**332.9**	353.3
Debt securities	11	**3,662.6**	4,269.4
Derivative financial instruments		**349.4**	350.8
Loans and advances to customers held at amortised cost	12	**34,456.9**	33,378.9
Loans and advances to customers held at FVTPL		**0.8**	0.8
Equity release portfolio held at FVTPL	13	**255.3**	263.1
Current tax asset		**4.0**	0.2
Investments in subsidiary undertakings and joint ventures		**13.6**	13.1
Assets held for sale	14	**-**	3.7
Property, plant and equipment		**77.4**	77.1
Right-of-use assets		**116.2**	107.0
Deferred tax asset		**0.4**	0.4
Other assets		**192.6**	177.7
Intangible assets	15	**388.9**	377.6
Loan to defined benefit pension scheme	16	**11.4**	10.9
Total assets		**41,824.9**	40,744.2
Liabilities			
Shares		**31,234.5**	30,526.3
Amounts owed to credit institutions		**324.7**	327.2
Amounts owed to other customers		**2,649.4**	2,719.6
Debt securities in issue	18	**3,807.4**	3,361.9
Derivative financial instruments		**124.5**	186.2
Current tax liability		**1.0**	2.3
Lease liabilities		**120.6**	110.3
Other liabilities		**97.9**	109.3
Accruals and deferred income		**107.4**	124.7
Provisions for liabilities	19	**34.1**	32.6
Deferred tax liability		**1.1**	0.6
Retirement benefit obligations	17	**5.6**	7.4
Subordinated liabilities		**352.4**	356.0
Subscribed capital		**15.2**	15.2
Total liabilities		**38,875.8**	37,879.6
Members' interests			
General reserve		**2,939.0**	2,855.1
Fair value reserve		**(1.6)**	(6.3)
Cash flow hedging reserve		**7.0**	9.8
Cost of hedging reserve		**(0.5)**	(0.4)
Translation reserve		**2.9**	2.8
Attributable to members of the Society		**2,946.8**	2,861.0
Non-controlling interests		**2.3**	3.6
Total members' interests		**2,949.1**	2,864.6
Total liabilities and members' interests		**41,824.9**	40,744.2

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 2026

£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 2026	2,855.1	(6.3)	9.8	(0.4)	2.8	**2,861.0**	3.6	**2,864.6**
Profit for the period	83.6	-	-	-	-	**83.6**	0.4	**84.0**
Other comprehensive income / (expense)	**0.3**	**4.7**	**(2.8)**	**(0.1)**	**0.1**	**2.2**	**(0.1)**	**2.1**
Total comprehensive income / (expense) for the period	**83.9**	**4.7**	**(2.8)**	**(0.1)**	**0.1**	**85.8**	**0.3**	**86.1**
Non-controlling interests arising on recognition of subsidiary undertakings with less than 100% ownership	-	-	-	-	-	-	(1.6)	**(1.6)**
Balance at 30 June 2026	**2,939.0**	**(1.6)**	**7.0**	**(0.5)**	**2.9**	**2,946.8**	**2.3**	**2,949.1**

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	(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

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 2026

£m	Notes	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Profit before tax		**110.3**	135.1
Adjustments for:			
Impairment on financial instruments		**2.9**	7.3
Depreciation and amortisation		**37.0**	32.5
Interest on subordinated liabilities and subscribed capital	4	**11.7**	16.8
Other non-cash movements		**15.1**	(11.4)
Other non-cash items included in profit before tax		**66.7**	45.2
Changes in operating assets and liabilities	20a)	**(94.8)**	(655.2)
Taxation		**(31.9)**	(38.9)
Net cash flows from operating activities		**50.3**	(513.8)
Purchase of debt securities	11	**(515.0)**	(1,257.7)
Sale and maturity of debt securities		**1,102.2**	1,212.1
Purchase of subsidiary undertakings (net of cash acquired)		**(2.0)**	(19.6)
Purchase of fixed assets		**(20.5)**	(28.5)
Loan advanced to defined benefit pension scheme		**-**	(14.6)
Other investing activities		**8.3**	0.4
Net cash flows from investing activities		**573.0**	(107.9)
Exercise of put options held by non-controlling interests		**(0.6)**	-
Interest paid on subordinated liabilities and subscribed capital		**(11.6)**	(16.6)
Interest paid on lease liabilities		**(2.6)**	(2.0)
Payment of lease liabilities		**(20.0)**	(19.4)
Net cash flows from financing activities		**(34.8)**	(38.0)
Movements in cash and cash equivalents		**588.5**	(659.7)
Cash and cash equivalents at 1 January		**1,449.0**	2,053.7
Movements in impairment on cash and cash equivalents		**-**	0.1
Cash and cash equivalents at end of period		**2,037.5**	1,394.1

Net cashflows from operating activities of the Group include interest received of £717.8m (six months ended 30 June 2025: £980.4m) and interest paid of £615.3m (six months ended 30 June 2025: £756.4m).

Cash and cash equivalents consist of:

As at 30 June 2026

£m	Notes	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Cash in hand and balances with the Bank of England		**1,962.5**	1,281.8
Loans and advances to credit institutions		**75.0**	112.3
Cash and cash equivalents at end of period		**2,037.5**	1,394.1

Cash and cash equivalents include £4.1m (six months ended 30 June 2025: £4.3m) relating to Connells deposits that can be used for restricted purposes only.

The accompanying Notes form an integral part of this condensed consolidated Half-Yearly Financial Report.

Notes to the interim Condensed Consolidated Financial Statements

1. Introduction

These financial statements show the financial performance of the Group for the half year ended 30 June 2026 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 2025.

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.

b) Changes to material accounting policies

There were no changes during the period to the Group's material accounting policies.

The Group adopted in the period the following amendments to international accounting standards, which became effective from 1 January 2026 (as outlined in Note 49 to the 2025 Annual Report and Accounts); this did not have a material impact on these interim condensed consolidated financial statements:

- Amendments to Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

Forthcoming changes

As disclosed in the 2025 Annual Report and Accounts (Note 49), IFRS 18 *Presentation and Disclosure in Financial Statements* will become effective for the Group from 1 January 2027. Management continues to assess the impacts for the Group's financial statements; it is expected there will be changes to how some items are presented and disclosed. We expect to provide further details in the Group's 2026 Annual Report and Accounts.

1. Introduction (continued)

c) Critical accounting judgements and estimates in applying accounting policies

Note 1v) to the 2025 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

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 central scenario) and a downside scenario (representing a more pessimistic view than central scenario); 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 2026 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 2026 assumes minimal growth in 2026 and 2027. Geopolitical tensions continue in 2026 and inflation runs generally above the 2% target until 2027; this puts further pressure on households, though significant increases in arrears are unlikely. The Bank of England holds base rate until inflationary pressures soften; rates are cut in Q2 2027, but then steadily rise again from 2029. House prices grow in 2026, though may be suppressed by affordability challenges.

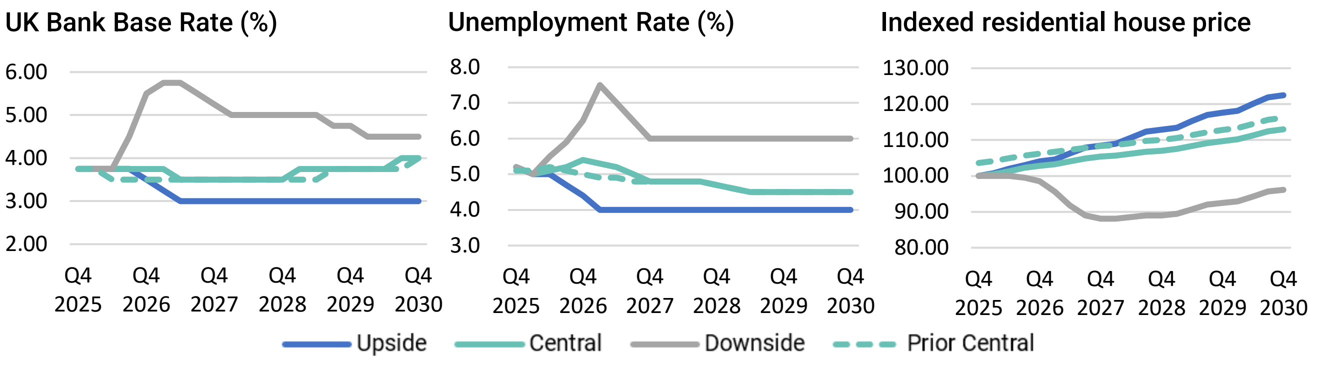
The Group's upside scenario as at 30 June 2026 assumes the economy grows in 2026 and 2027, and the Middle East conflict ends swiftly. Inflation falls towards the 2% target, unemployment reduces to 4.0% and consumer confidence rises. The Bank of England steadily cuts base rate to a medium-term rate of 3.00%. There is strong house price growth into the medium-term.

The Group's downside scenario as at 30 June 2026 assumes the Middle East conflict does not end swiftly. Inflation spikes, whilst unemployment rises and remains elevated throughout the forecast period. The Bank of England swiftly increases base rate and this remains higher for a sustained period. The impact on affordability is significant and house prices fall in 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 on the following pages for the first five years of each of the Group's scenarios.

The following graphs show the historical and forecast 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 2025). The indexed residential house price graph uses a starting value of 100 in the fourth quarter of 2025 for illustrative purposes, to show how a property value moves over time when the annual house price inflation (UK) assumptions are applied.

1. Introduction (continued)



Economic Variables

Unaudited as at 30.06.26	Scenario	2026	2027	2028	2029	2030
Bank of England base rate (%) (note A)	**Upside**	3.50	3.00	3.00	3.00	3.00
	Central	**3.75**	**3.50**	**3.50**	**3.75**	**4.00**
	Downside	5.50	5.25	5.00	4.75	4.50
Unemployment (%) (note A)	**Upside**	4.4	4.0	4.0	4.0	4.0
	Central	**5.4**	**4.8**	**4.7**	**4.5**	**4.5**
	Downside	6.5	6.0	6.0	6.0	6.0
UK house price inflation (%) (note B)	**Upside**	2.5	4.2	4.2	4.2	4.2
	Central	**1.5**	**2.5**	**1.5**	**2.5**	**3.0**
	Downside	(2.3)	(10.6)	1.0	4.0	4.0

Audited as at 31.12.25	Scenario	2026	2027	2028	2029	2030
Bank of England base rate (%) (note A)	Upside	3.00	3.00	3.00	3.00	3.00
	Central	3.50	3.50	3.50	3.75	4.00
	Downside	6.00	5.25	5.00	4.75	4.50
Unemployment (%) (note A)	Upside	4.0	4.0	4.0	4.0	4.0
	Central	5.0	4.8	4.7	4.5	4.5
	Downside	7.0	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	2.5	2.0	1.5	2.5	3.0
	Downside	(10.6)	(3.0)	1.0	4.0	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 Organization (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 30.06.26	Audited as at 31.12.25
Bank of England base rate (%) (note A)	**Upside**	**3.00 / 3.75**	3.00 / 3.75
	Central	**3.50 / 4.00**	3.50 / 4.00
	Downside	**3.75 / 5.75**	3.75 / 6.00
Unemployment (%) (note B)	**Upside**	**5.2**	4.8
	Central	**5.4**	5.2
	Downside	**7.5**	7.5
UK house price inflation (%) (note C)	**Upside**	**20.6 / (0.8)**	22.6 / 0.0
	Central	**11.6 / (0.8)**	12.1 / 0.0
	Downside	**0.0 / (12.6)**	0.0 / (13.3)

1. Introduction (continued)

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 2026 (31 December 2025: from 1 January 2026) over the 5 year forecast period.

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 2026 are 55% for the central scenario, 10% for the upside scenario and 35% for the downside scenario (31 December 2025: central scenario 55%, upside scenario 15%, downside scenario 30%).

Where necessary, judgmental adjustments are included within ECLs to reflect identified risks not captured in model outputs. With respect to mortgage loan impairment, the Group held judgmental adjustments as follows:

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
Residential mortgages:		
Model Risk - downturn (note A)	-	2.7
Flats subject to fire safety risks (note B)	**2.0**	2.1
Total	**2.0**	4.8

Notes

A. This PMA was previously held to address model risk in the downturn scenario where key assumptions were expected to behave differently in a recession. 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. These adjustments are now held 'in model' with effect from the period ended 30 June 2026 and therefore the PMA is no longer required.

B. 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.

To give an indication of the sensitivity of ECLs to different economic scenarios, the following tables 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 30.06.26	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	8.6	6.3	8.3	23.2	97.7	1.9
100% upside	100	-	-	2.9	2.5	6.8	12.2	98.2	1.4
100% central	-	100	-	3.6	3.5	7.4	14.5	98.0	1.6
100% downside	-	-	100	11.5	15.9	15.5	42.9	94.0	5.6
Commercial									
Actual probability weighted ECL	10	55	35	0.4	0.3	1.9	2.6	77.5	11.5
100% upside (notes C and D)	100	-	-	0.4	0.3	1.9	2.6	77.5	11.5
100% central (notes C and D)	-	100	-	0.4	0.3	1.9	2.6	77.5	11.5
100% downside (notes C and D)	-	-	100	0.4	0.3	1.9	2.6	77.5	11.5

1. Introduction (continued)

Audited as at 31.12.25	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	15	55	30	8.6	5.4	7.6	21.6	97.8	1.8
100% upside	100	-	-	2.8	2.2	6.1	11.1	98.3	1.3
100% central	-	100	-	3.8	3.3	6.9	14.0	98.0	1.6
100% downside	-	-	100	11.7	13.1	13.1	37.9	95.6	4.0
Commercial									
Actual probability weighted ECL	15	55	30	0.4	0.3	1.9	2.6	80.9	9.9
100% upside (notes C and D)	100	-	-	0.4	0.3	1.9	2.6	80.9	9.9
100% central (notes C and D)	-	100	-	0.4	0.3	1.9	2.6	80.9	9.9
100% downside (notes C and D)	-	-	100	0.4	0.3	1.9	2.6	80.9	9.9

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 probability of default (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 2025 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 2025 Annual Report and Accounts). Under this approach, commercial ECLs do not vary according to scenario weightings.

The following tables 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 £m	Change to current assumption	Increase / (decrease) in impairment loss allowance	
		Unaudited as at 30.06.26	Audited as at 31.12.25
Downside scenario weighting (note A)	Absolute increase of 10%	**3.8**	1.6
Significant increase in credit risk criteria (note B)	Relative reduction by 25%	**0.3**	0.4
Future house price inflation (note C)	+ / - 0.5% pa	**(0.7) / 0.8**	(0.9) / 1.0
Unemployment (note D)	+ / - 0.5% pa	**0.8 / (0.7)**	0.9 / (0.8)

Notes

A. This sensitivity shows the impact of an increase of 10% to the probability weighting assigned to the downside scenario, from 35% to 45% (31 December 2025: from 30% to 40%), with a relative decrease to the probability weighting assigned to each of the central and upside scenarios

B. 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.

1. Introduction (continued)

Commercial

Assumption (note A) £m	Change to current assumption	Increase / (decrease) in impairment loss allowance	
		Unaudited as at 30.06.26	Audited as at 31.12.25
Lifetime Loss Rate (note B)	+ / - 1%	**0.2 / (0.2)**	0.1 / (0.1)

Notes

A. The table above does not include a sensitivity for account-specific impairment based on management judgement (see Note 1h) to the 2025 Annual Report and Accounts); that element of impairment is, by nature, a discrete assessment for which there is no meaningful or representative variable. At 30 June 2026 the total commercial impairment allowance held by the Group included £1.7m in respect of account-specific impairment based on management judgement (31 December 2025: £1.8m).

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

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 2026, the relative weightings assigned to each scenario were 95% for the central scenario and 5% for the downside scenario (31 December 2025: 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. Further details are set out in Note 1v) to the 2025 Annual Report and Accounts.

During the period management has reviewed its expectations of relevant variables with due consideration to the uncertainties in the current economic environment. The expectations for the economic inputs that require management judgement are in line with the economic environment that forms the central scenario as outlined on page 19. As at 30 June 2026, the fair value of the equity release portfolio was £255.3m (31 December 2025: £263.1m); further detail on the movements in the portfolio in the period can be found in Note 13.

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 £m	Change to current assumption	Increase / (decrease) in fair value of portfolio	
		Unaudited as at 30.06.26	Audited as at 31.12.25
Redemption rates (note A)	+ / - 1% pa	**0.6 / (0.7)**	0.4 / (0.5)
Illiquidity premia (note A)	+ / - 0.2%	**(3.4) / 3.5**	(3.7) / 3.8
HPI forecast (note A)	+ / - 0.5% pa	**3.8 / (4.0)**	4.4 / (4.7)
Property volatility (note A)	+ / - 1%	**(2.3) / 2.2**	(2.4) / 2.4
RPI volatility (note A)	+ / - 0.5% pa	**(0.4) / 0.2**	(0.2) / 0.0

Note

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

1. Introduction (continued)

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 remain unchanged as at 30 June 2026. 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. Valuation of these derivatives includes an element of management judgement; further details are set out in Note 1v) to the 2025 Annual Report and Accounts.

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

Assumption £m	Change to current assumption	Increase / (decrease) in liability	
		Unaudited as at 30.06.26	Audited as at 31.12.25
Redemption rates (note A)	+ / - 1% pa	**0.2 / (0.2)**	(0.0) / 0.0
RPI volatility (note A)	+ / - 0.5% pa	**(1.2) / 0.9**	(0.9) / 0.6

Note

A. There would be a corresponding credit / (charge) to the Income Statement within the line 'Fair value gains on financial instruments mandatorily held at FVTPL', arising from the increase / (decrease) 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. Further details are set out in Note 1v) and Note 25 to the 2025 Annual Report and Accounts.

The pre-tax discount rates estimated by the Group are set out below:

Operating Segment (%)	Unaudited as at 30.06.26	Audited as at 31.12.25
Connells	**15**	16
Other	**11**	12

For goodwill held by the Group, the impairment assessment is typically carried out at the operating segment level. For each segment to which goodwill is 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 held by the Group, management's assessment as at 30 June 2026 indicates there is sufficient headroom in relation to all cash generating units (CGU's); no reasonably possible alternative assumptions relating to any of the key inputs used would result in impairment.

1. Introduction (continued)

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.

For brands held by the Group, 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.

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 2026 no impairment was recognised against other intangible assets (31 December 2025: £2.8m).

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 16, which is classified as a financial asset at fair value through profit or loss (FVTPL). 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. Further details are set out in Note 1f) and Note 1v) to the 2025 Annual Report and Accounts.

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 £m	Change to current assumption	(Decrease) / increase in fair value	
		Unaudited as at 30.06.26	Audited as at 31.12.25
Discount rate (note A)	+ / - 1% pa	**(0.1) / 0.1**	(0.1) / 0.1
Value of illiquid assets (note A)	+ / - 10% expected proceeds	**(0.1) / (1.1)**	1.1 / (1.1)

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 5 to 10.

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 2025 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 2030. While 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 the period over which associated stress testing is performed, the Directors have concluded that a three-year period is more appropriate for the purposes of the Group's viability statement.

A three-year period is the longest period over which the Directors can form a reasonable view of longer-term viability, taking into account the planning and stress testing carried out by the Group, combined with increased uncertainty inherent in forecasting the later years of the Strategic Plan, particularly in the current climate. This uncertainty becomes more pronounced beyond the three-year horizon, reducing the reliability of longer-term viability assessments.

However, the Directors are not aware of any matters arising from planning beyond the three-year horizon that would lead them to a different conclusion regarding the Group's viability.

2. Segmental reporting

The Group's structure and reportable segments are outlined in the Financial Review on page 6.

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, £42.1m (six months ended 30 June 2025: £34.1m) was generated outside the UK.

Unaudited 6 months to 30.06.26 £m	Society	SIL	Connells	Other (note A)	Total
Interest receivable and similar income	929.4	62.0	7.3	(78.8)	919.9
Interest payable and similar charges	(709.9)	(43.2)	(6.5)	93.8	(665.8)
Net interest income	219.5	18.8	0.8	15.0	254.1
Fees and commissions receivable (notes B and C)					
Mortgage related fees	0.4	0.1	53.8	(1.2)	53.1
General insurance income	0.1	-	39.9	-	40.0
Commissions earned on property sales	-	-	158.3	-	158.3
Commissions earned on property lettings	-	-	128.7	-	128.7
Commercial property services fees	-	-	60.1	-	60.1
Survey and valuation fees	-	-	64.8	(5.0)	59.8
Conveyancing fees	-	-	35.6	(0.5)	35.1
Financial advice fees	19.1	-	-	0.4	19.5
Other fees and commissions receivable	-	-	19.5	19.6	39.1
Fees and commissions payable (note B)	(2.0)	-	(0.7)	(0.7)	(3.4)
Fair value (losses) / gains on financial instruments	(3.7)	-	-	4.4	0.7
Other operating income (note B)	6.2	-	0.4	(5.3)	1.3
Total income	239.6	18.9	561.2	26.7	846.4
Administrative expenses	(136.9)	(13.1)	(561.9)	(19.0)	(730.9)
Operating profit before impairment and provisions	102.7	5.8	(0.7)	7.7	115.5
Impairment and provisions	(3.1)	(0.4)	0.2	(1.9)	(5.2)
Profit / (loss) before tax	99.6	5.4	(0.5)	5.8	110.3
Taxation	(26.3)	(0.8)	(0.1)	0.9	(26.3)
Profit / (loss) after tax	73.3	4.6	(0.6)	6.7	84.0

Total income can be analysed as follows:

External income	268.5	10.0	551.4	16.5	846.4
Income from other segments	(28.9)	8.9	9.8	10.2	-
Total income	239.6	18.9	561.2	26.7	846.4

Unaudited as at 30.06.26 £m	Society	SIL	Connells	Other (note A)	Total
Total assets	39,471.5	2,447.6	673.0	(767.2)	41,824.9
Total liabilities	36,870.4	2,291.6	416.6	(702.8)	38,875.8

2. Segmental reporting (continued)

Unaudited 6 months to 30.06.25 £m	Society	SIL	Connells	Other (note A)	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
Fees and commissions receivable (notes B and C)					
Mortgage related fees	1.1	0.1	55.9	(1.1)	56.0
General insurance income	0.3	-	38.7	-	39.0
Commissions earned on property sales	-	-	170.5	-	170.5
Commissions earned on property lettings	-	-	126.3	-	126.3
Commercial property services fees	-	-	50.4	-	50.4
Survey and valuation fees	-	-	64.5	(4.8)	59.7
Conveyancing fees	-	-	35.4	(0.3)	35.1
Financial advice fees	16.9	-	-	0.4	17.3
Other fees and commissions receivable	-	-	17.2	16.1	33.3
Fees and commissions payable (note B)	(1.8)	-	(0.5)	(0.7)	(3.0)
Fair value gains / (losses) on financial instruments	6.0	(0.1)	3.3	(5.5)	3.7
Other operating income (note B)	5.0	-	1.5	(4.0)	2.5
Total income	245.1	21.5	565.5	13.0	845.1
Administrative expenses	(137.1)	(14.8)	(536.8)	(13.8)	(702.5)
Operating profit before impairment and provisions	108.0	6.7	28.7	(0.8)	142.6
Impairment and provisions	(7.0)	0.1	(0.3)	(0.3)	(7.5)
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 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

Audited as at 31.12.25 £m	Society	SIL	Connells	Other (note A)	Total
Total assets	38,326.9	2,540.4	698.2	(821.3)	40,744.2
Total liabilities	35,798.8	2,388.7	440.3	(748.2)	37,879.6

Notes

A. 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.

B. The disaggregation of fees, commission and other operating income as shown above is not included in reports provided to the Chief Operating Decision Maker but is provided to show the split by reportable segments.

C. The split between point-in-time and over-time revenue in relation to Fees and commissions receivable is detailed within Note 5.

3. Interest receivable and similar income

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
On financial assets held at amortised cost:		
On loans fully secured on residential property	**740.1**	677.5
On other loans and advances	**10.9**	12.7
On other liquid assets	**36.8**	47.6
	787.8	737.8
On financial assets held at FVOCI:		
On debt securities	**72.8**	92.3
On financial instruments held at FVTPL (note A):		
Net income on derivative financial instruments held to hedge assets in qualifying hedge accounting relationships	**50.3**	153.7
Interest receivable accounted for using effective interest rate method	**910.9**	983.8
On financial instruments held at FVTPL (note A):		
On equity release portfolio	**9.3**	10.8
On loan to defined benefit pension scheme	**0.3**	-
Net expense on derivative financial instruments held to hedge assets in non-qualifying hedge accounting relationships	**(0.6)**	(2.1)
Other interest and similar income	**9.0**	8.7
Total interest receivable and similar income	**919.9**	992.5

Note

A. Interest arising on financial instruments held at FVTPL are presented within Interest receivable and similar income here, with remaining fair value movements recognised within Note 6 Fair value gains on financial instruments.

4. Interest payable and similar charges

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
On financial liabilities held at amortised cost:		
On shares held by individuals	**517.2**	532.0
On shares held by others	**3.6**	4.9
On subscribed capital	**0.6**	2.2
On deposits and other borrowings:		
Subordinated liabilities	**11.1**	14.6
Wholesale and other funding	**124.8**	142.9
Lease liabilities	**2.6**	2.0
	659.9	698.6
On financial instruments held at FVTPL (note A):		
Net expense on derivative financial instruments held to hedge liabilities	**5.4**	39.8
Finance charge / (credit) on put option liability	**-**	(0.2)
Other	**0.5**	-
Total interest payable and similar charges	**665.8**	738.2

Note

A. Interest arising on financial instruments held at FVTPL are presented within Interest payable and similar charges here, with remaining fair value movements recognised within Note 6 Fair value gains on financial instruments.

5. Fees and commissions receivable

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

Products and services £m	Unaudited 6 months to 30.06.26			Unaudited 6 months to 30.06.25		
	Transferred at a point in time	Transferred over time	Total	Transferred at a point in time	Transferred over time	Total
Mortgage related fees	53.1	-	53.1	56.0	-	56.0
General insurance income	39.9	0.1	40.0	38.7	0.3	39.0
Commissions earned on property sales	158.3	-	158.3	170.5	-	170.5
Commissions earned on property lettings	77.8	50.9	128.7	81.3	45.0	126.3
Commercial property services fees	28.5	31.6	60.1	23.0	27.4	50.4
Survey and valuation fees	59.8	-	59.8	59.7	-	59.7
Conveyancing fees	35.1	-	35.1	35.1	-	35.1
Financial advice fees	19.5	-	19.5	17.3	-	17.3
Other fees and commissions receivable	28.3	10.8	39.1	24.7	8.6	33.3
Total fees and commissions receivable	500.3	93.4	593.7	506.3	81.3	587.6

Fees and commissions receivable by the Group presented by reportable segment is included per Note 2.

6. Fair value gains on financial instruments

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Equity release portfolio (Note 13)	(4.8)	(4.1)
Derivatives associated with equity release portfolio (Note 13)	2.8	5.4
Share warrants	-	3.5
Put options held by minority shareholders	-	(0.2)
Hedging instruments and hedged items	0.2	0.7
Loan to defined benefit pension scheme (Note 16)	2.5	(1.6)
	0.7	3.7

7. Other operating income

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Realised (losses) / profits on treasury assets held at FVOCI	(0.6)	0.3
Share of profits from joint ventures	0.4	0.9
Profit on disposal of assets previously classified as held for sale (Note 14)	2.1	-
Other	(0.6)	1.3
	1.3	2.5

8. Administrative expenses

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Employee costs:		
Salaries	**416.1**	401.4
Social security costs	**51.1**	47.1
Pension costs:		
Defined contribution arrangements	**17.5**	15.9
	484.7	464.4
Other administrative expenses	**246.2**	238.1
	730.9	702.5

9. Impairment and provisions

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Impairment charge on loans and advances to customers (note A):		
Loans fully secured on residential property	**2.0**	5.3
Loans fully secured on land	**0.5**	0.8
Other loans and advances	**-**	0.4
	2.5	6.5
Impairment credits on liquid assets	**-**	(0.1)
Realised losses on equity release portfolio (Note 13)	**1.0**	0.8
Provisions for liabilities (Note 19)	**1.7**	0.3
	5.2	7.5

Note

A. This is the charge per the Condensed Consolidated Income Statement - refer to Note 12 for details of the expected credit loss (ECL) allowance impacting the Condensed Consolidated Statement of Financial Position.

10. 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.

£m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Current tax expense	**27.0**	33.8
Deferred tax credit	**(0.7)**	(0.1)
Total tax expense	**26.3**	33.7

The Group's effective tax rate for the period was 23.8% (six months ended 30 June 2025: 24.9%), which differs from the standard rate of corporation tax in the UK of 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.

10. Taxation (continued)

The Skipton Group is within the scope of the OECD Pillar Two model rules which were introduced from 1 January 2024. The charge estimated by the Group in respect of Pillar Two, for the six month period to 30 June 2026, is £0.2m and this is included within the current tax expense above (six months ended 30 June 2025: £0.4m). 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.

11. Debt securities

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

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
At 1 January	**4,269.4**	4,349.6
Additions	**515.0**	2,274.6
Maturities and disposals	**(1,102.8)**	(2,416.3)
Changes in fair value	**(16.0)**	49.2
Other	**(3.0)**	12.3
At end of period	**3,662.6**	4,269.4

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 2026 was £nil (six months ended 30 June 2025: £nil).

12. Loans and advances to customers held at amortised cost

Unaudited as at 30.06.26 £m	Gross carrying amount	ECL allowance	Fair value adjustment for hedged risk	Carrying amount	%
Loans fully secured on residential property (note A)	**34,221.5**	**(23.2)**	**(73.0)**	**34,125.3**	**99.1**
Loans fully secured on land (note B)	**84.8**	**(2.6)**	**-**	**82.2**	**0.2**
Other lending:					
Debt factoring advances	**208.5**	**(1.4)**	**-**	**207.1**	**0.6**
Other loans (note C)	**42.3**	**-**	**-**	**42.3**	**0.1**
	34,557.1	**(27.2)**	**(73.0)**	**34,456.9**	**100.0**

Audited as at 31.12.25 £m	Gross carrying amount	ECL allowance	Fair value adjustment for hedged risk	Carrying amount	%
Loans fully secured on residential property (note A)	33,007.5	(21.6)	58.9	33,044.8	99.0
Loans fully secured on land (note B)	92.2	(2.6)	-	89.6	0.3
Other lending:					
Debt factoring advances	200.6	(1.4)	-	199.2	0.6
Other loans (note C)	45.3	-	-	45.3	0.1
	33,345.6	(25.6)	58.9	33,378.9	100.0

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

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 fully-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 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. The results of the Group's assessment did not lead to a change in carrying amounts at 30 June 2026 (nor at 31 December 2025). The future impact of climate-related risks on the Group's credit risk is not expected to be material, however, the Group will continue to monitor climate-related developments and refine its assessment approach as appropriate.

At 30 June 2026 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 50.0% (31 December 2025: 48.8%).

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

Unaudited as at 30.06.26	Stage 1		Stage 2		Stage 3		Total	
£m	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)
At 1 January 2026	32,216.6	8.6	646.6	5.4	144.3	7.6	33,007.5	21.6
Transfers due to changes in credit risk (note A):								
To Stage 1	202.7	0.1	(200.8)	(0.5)	(1.9)	-	-	(0.4)
To Stage 2	(301.3)	(0.1)	310.3	2.0	(9.0)	(0.1)	-	1.8
To Stage 3	(6.1)	-	(18.7)	(0.6)	24.8	1.1	-	0.5
Remeasurements within existing stage	-	(0.5)	-	-	-	-	-	(0.5)
Modification of contractual cashflows	(20.8)	-	11.5	0.2	6.6	0.5	(2.7)	0.7
Increases due to origination	3,610.7	1.1	6.2	-	1.0	-	3,617.9	1.1
Decrease due to derecognition and repayments	(2,343.0)	(0.6)	(48.2)	(0.2)	(11.6)	(0.4)	(2,402.8)	(1.2)
Write-offs	-	-	-	-	(1.9)	(0.4)	(1.9)	(0.4)
Other movements (note B)	2.5	-	0.4	-	0.6	-	3.5	-
At 30 June 2026	33,361.3	8.6	707.3	6.3	152.9	8.3	34,221.5	23.2

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

Audited as at 31.12.25 £m	Stage 1 Gross carrying amount	Stage 1 Loss allowance (ECL)	Stage 2 Gross carrying amount	Stage 2 Loss allowance (ECL)	Stage 3 Gross carrying amount	Stage 3 Loss allowance (ECL)	Total Gross carrying amount	Total Loss allowance (ECL)
At 1 January 2025	30,067.3	4.5	358.8	2.5	116.7	6.5	30,542.8	13.5
Transfers due to changes in credit risk (note A):								
To Stage 1	103.1	-	(102.5)	(0.2)	(0.6)	-	-	(0.2)
To Stage 2	(379.9)	(0.1)	390.1	2.4	(10.2)	(0.1)	-	2.2
To Stage 3	(17.5)	-	(16.5)	(0.3)	34.0	1.7	-	1.4
Remeasurements within existing stage	-	2.3	-	0.3	-	-	-	2.6
Modification of contractual cashflows	(99.4)	-	67.9	0.7	26.3	1.5	(5.2)	2.2
Increases due to origination	6,960.1	2.4	19.3	0.3	2.1	-	6,981.5	2.7
Decrease due to derecognition and repayments	(4,427.6)	(0.5)	(71.1)	(0.3)	(20.7)	(1.4)	(4,519.4)	(2.2)
Write-offs	-	-	(0.1)	-	(4.1)	(0.6)	(4.2)	(0.6)
Other movements (note B)	10.5	-	0.7	-	0.8	-	12.0	-
At 31 December 2025	32,216.6	8.6	646.6	5.4	144.3	7.6	33,007.5	21.6

Note

A. For the purposes of the analysis presented above, 'gross carrying 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).

B. 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 2026, Stage 3 loans include £24.7m being held in Stage 3 under this probation period (31 December 2025: £36.7m).

The following tables provide information on residential loans and advances to customers grouped by credit risk rating (probability of default). ECL coverage shows the level of loss allowance expressed as a percentage of the gross carrying amount.

Unaudited as at 30.06.26 £m	Gross carrying amount				Loss allowance			
Probability of default	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
<0.15%	1,500.5	2.7	-	1,503.2	0.5	-	-	0.5
0.15% - <0.25%	5,474.6	1.7	-	5,476.3	0.9	-	-	0.9
0.25% - <0.5%	17,518.7	3.5	-	17,522.2	4.0	-	-	4.0
0.5% - <0.75%	6,962.2	3.0	-	6,965.2	2.2	-	-	2.2
0.75% - <2.5%	1,890.0	51.1	-	1,941.1	1.0	-	-	1.0
2.5% - <10%	15.3	162.8	-	178.1	-	0.2	-	0.2
10% - <100%	-	482.5	-	482.5	-	6.1	-	6.1
Default	-	-	152.9	152.9	-	-	8.3	8.3
	33,361.3	707.3	152.9	34,221.5	8.6	6.3	8.3	23.2
ECL coverage (%)					0.03%	0.89%	5.43%	0.07%

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

Audited as at 31.12.25 £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%	1,409.6	0.9	-	1,410.5	0.5	-	-	0.5
0.15% - <0.25%	4,408.0	1.6	-	4,409.6	0.8	-	-	0.8
0.25% - <0.5%	16,089.9	1.8	-	16,091.7	3.6	-	-	3.6
0.5% - <0.75%	7,690.8	4.9	-	7,695.7	2.3	-	-	2.3
0.75% - <2.5%	2,601.4	51.0	-	2,652.4	1.4	-	-	1.4
2.5% - <10%	16.9	144.7	-	161.6	-	0.2	-	0.2
10% - <100%	-	441.7	-	441.7	-	5.2	-	5.2
Default	-	-	144.3	144.3	-	-	7.6	7.6
	32,216.6	646.6	144.3	33,007.5	8.6	5.4	7.6	21.6
ECL coverage (%)					0.03%	0.84%	5.27%	0.07%

For the purposes of regulatory capital requirements, the Group applies an Internal Ratings-Based (IRB) approach to certain credit risk exposures (as outlined in the Financial Review on page 10). 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.

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

Unaudited as at 30.06.26 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	33,361.3	498.2	14.8	33,874.3	8.6	2.0	0.6	11.2
Past due:								
Up to 30 days	-	116.6	3.1	119.7	-	1.7	0.1	1.8
31 to 60 days	-	71.6	6.9	78.5	-	1.8	0.2	2.0
61 to 90 days	-	20.9	11.6	32.5	-	0.8	0.3	1.1
Over 90 days	-	-	116.5	116.5	-	-	7.1	7.1
	33,361.3	707.3	152.9	34,221.5	8.6	6.3	8.3	23.2

Audited as at 31.12.25 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	32,216.6	468.4	19.8	32,704.8	8.6	1.8	0.4	10.8
Past due:								
Up to 30 days	-	104.5	3.3	107.8	-	1.5	-	1.5
31 to 60 days	-	49.9	7.8	57.7	-	1.2	0.1	1.3
61 to 90 days	-	23.8	11.2	35.0	-	0.9	0.3	1.2
Over 90 days	-	-	102.2	102.2	-	-	6.8	6.8
	32,216.6	646.6	144.3	33,007.5	8.6	5.4	7.6	21.6

12. 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 amount, and movements in the impairment loss allowance, of commercial loans and advances to customers during the period.

Unaudited as at 30.06.26	Stage 1		Stage 2		Stage 3		Total	
£m	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)
At 1 January 2026	74.6	0.4	9.1	0.3	8.5	1.9	92.2	2.6
Transfers due to changes in credit risk (note A):								
To Stage 1	2.1	-	(2.1)	(0.1)	-	-	-	(0.1)
To stage 2	(0.4)	-	0.4	-	-	-	-	-
To Stage 3	(1.9)	-	-	-	1.9	0.1	-	0.1
Remeasurements within existing stage	-	-	-	-	(0.1)	(0.1)	(0.1)	(0.1)
Modification of contractual cashflows	(3.6)	-	3.4	0.1	0.1	0.5	(0.1)	0.6
Decreases due to derecognition and repayments	(5.1)	-	(1.0)	-	(1.1)	(0.5)	(7.2)	(0.5)
At 30 June 2026	65.7	0.4	9.8	0.3	9.3	1.9	84.8	2.6

Audited as at 31.12.25	Stage 1		Stage 2		Stage 3		Total	
£m	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)	Gross carrying amount	Loss allowance (ECL)
At 1 January 2025	93.9	0.2	5.9	0.2	14.5	4.3	114.3	4.7
Transfers due to changes in credit risk (note A):								
To Stage 1	0.9	-	(0.1)	-	(0.8)	-	-	-
To Stage 2	(2.5)	-	2.5	0.1	-	-	-	0.1
To Stage 3	(2.0)	-	(0.8)	-	2.8	0.6	-	0.6
Remeasurements within existing stage	-	0.2	-	-	-	0.1	-	0.3
Modification of contractual cashflows	(3.2)	-	2.3	-	0.5	(0.1)	(0.4)	(0.1)
Decreases due to derecognition and repayments	(12.5)	-	(0.7)	-	(7.2)	(0.1)	(20.4)	(0.1)
Write-offs	-	-	-	-	(1.3)	(2.9)	(1.3)	(2.9)
At 31 December 2025	74.6	0.4	9.1	0.3	8.5	1.9	92.2	2.6

Note

A. For the purposes of the analysis presented above, 'gross carrying 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).

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 2026, Stage 3 loans include £0.8m being held in Stage 3 under this probation period (31 December 2025: £0.1m).

Details of forbearance activity in the period can be found in Note 12c) below.

12. 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 30.06.26 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	65.7	2.9	3.3	71.9	0.4	0.1	0.1	0.6
Past due:								
Up to 30 days	-	2.4	-	2.4	-	0.1	-	0.1
31 to 60 days	-	4.0	0.8	4.8	-	0.1	-	0.1
61 to 90 days	-	0.5	-	0.5	-	-	-	-
Over 90 days	-	-	5.2	5.2	-	-	1.8	1.8
	65.7	9.8	9.3	84.8	0.4	0.3	1.9	2.6
ECL coverage (%)					0.61%	3.06%	20.43%	3.07%

Audited as at 31.12.25 £m	Gross carrying amount				ECL allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Not past due	74.6	2.6	2.7	79.9	0.4	0.1	0.6	1.1
Past due:								
Up to 30 days	-	2.8	-	2.8	-	0.1	-	0.1
31 to 60 days	-	2.7	-	2.7	-	0.1	-	0.1
61 to 90 days	-	1.0	-	1.0	-	-	-	-
Over 90 days	-	-	5.8	5.8	-	-	1.3	1.3
	74.6	9.1	8.5	92.2	0.4	0.3	1.9	2.6
ECL coverage (%)					0.54%	3.30%	22.35%	2.82%

c) Forbearance

Where appropriate for customers, the Group applies a policy of forbearance. The Group's approach to forbearance is described in Note 45 to the 2025 Annual Report and Accounts and our approach to forbearance remained materially unchanged in the period. At 30 June 2026, the percentage of residential mortgage balances that have been subject to forbearance is 0.7% (31 December 2025: 0.7%). For commercial balances the percentage is 14.2% (31 December 2025: 9.5%).

13. Equity release portfolio held at FVTPL

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

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
At 1 January	**263.1**	277.2
Redemptions	**(1.9)**	(4.0)
Movements in fair value	**(4.8)**	(14.5)
Realised losses on redemption	**(1.0)**	(1.3)
Accrued interest	**(0.1)**	5.7
At end of period	**255.3**	263.1

Further details of how the valuation of the equity release portfolio is derived can be found in Note 1c).

13. Equity release portfolio held at FVTPL (continued)

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 £2.8m gain and is included in the Income Statement line 'Fair value gains on financial instruments mandatorily held at FVTPL' (30 June 2025: £5.4m gain).

14. Disposal of assets previously classified as held for sale

On 30 March 2026, the Group completed the disposal of its freehold land and buildings, which had been classified as non-current assets held for sale as at 31 December 2025. The assets had a carrying value of £3.7m at the date of classification. Proceeds of £5.9m, inclusive of a £0.5m dilapidation settlement, were received in cash on completion. A gain on disposal of £2.1m, net of disposal costs of £0.1m, has been recognised within the 'Other operating income' line of the Condensed Consolidated Income Statement. No assets or liabilities remain classified as held for sale at 30 June 2026.

15. Intangible assets

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
Goodwill	**255.5**	249.9
Other intangible assets	**133.4**	127.7
	388.9	377.6

Goodwill £m	Unaudited as at 30.06.26	Audited as at 31.12.25
Cost, less amortisation to 1 January 2004		
At 1 January	**262.4**	231.0
Acquisitions of subsidiary undertakings and business units	**5.6**	33.2
Revaluations of put options	**-**	0.8
Disposal of subsidiary undertakings	**-**	(2.6)
At end of period	**268.0**	262.4
Impairment losses		
At 1 January and end of period	**12.5**	12.5
Net book value at 1 January	**249.9**	218.5
Net book value at end of period	**255.5**	249.9

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating unit (CGU), or group of CGU's 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 30.06.26			Audited as at 31.12.25		
Operating segment (£m)	Cost of goodwill	Accumulated impairment	Carrying value	Cost of goodwill	Accumulated impairment	Carrying value
Connells	**250.5**	**7.5**	**243.0**	244.9	7.5	237.4
Other	**17.5**	**5.0**	**12.5**	17.5	5.0	12.5
Total goodwill	**268.0**	**12.5**	**255.5**	262.4	12.5	249.9

The Directors, based upon their assessment of recoverable amounts, have concluded that no impairment of goodwill is required to be recognised in the six months to 30 June 2026 (year ended 31 December 2025: £nil).

15. Intangible assets (continued)

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).

16. Loan to defined benefit pension scheme

In 2025, ahead of the Skipton Building Society (2015) Group Pension Scheme insurer buy-in transaction, as part of a strategy to de-risk the Society's exposure to its defined benefit obligation, a loan of £14.6m was provided by the Society to the Scheme; which is repayable 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 2026 the fair value of the loan was £11.4m (31 December 2025: £10.9m), which includes a £2.5m fair value gain (30 June 2025: £1.6m 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.

17. Defined benefit pension scheme

As at 30 June 2026 the Statement of Financial Position includes amounts relating to defined benefit schemes as set out below:

Retirement benefit obligation £m	**Unaudited as at 30.06.26**	Audited as at 31.12.25
Fair value of plan assets	**154.8**	158.5
Present value of defined benefit obligations	**(160.4)**	(165.9)
Net pension liability	**(5.6)**	(7.4)

Further details on the Group's defined benefit pension scheme arrangements can be found in the Group's 2025 Annual Report and Accounts.

There have been no significant changes to the actuarial assumptions since 31 December 2025.

Pension Schemes - Section 37 Confirmations

In April 2026, the UK Government enacted legislation to address the uncertainty arising from the *Virgin Media v NTL* judgment, which rendered certain historic benefit amendments invalid where the required actuarial confirmation under Section 37 of the Pension Schemes Act 1993 was not obtained. The legislation enables trustees of affected schemes to obtain retrospective actuarial confirmation that such amendments would not have caused the scheme to breach the statutory standard at the time. Where this confirmation is secured, the amendments are treated as valid from inception.

Following the enactment of legislation, the Group is working with its legal and actuarial advisers to assess the position and any associated implications. At their meeting on 18 June 2026, the Trustees of the Skipton Pension Scheme agreed to undertake a further review of the three previously identified deeds for which Section 37 confirmations could not be located. Management considers the risk of material non-compliance to be low and no provision has been recognised in the financial statements.

18. Debt securities in issue

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
Covered bonds (note A)	**3,435.8**	2,941.3
Securitisations	**358.9**	398.3
Fair value adjustment for hedged risk	**12.7**	22.3
Total debt securities in issue	**3,807.4**	3,361.9

Note

A. As discussed on page 10, the Group issued a £500m 5-year covered bond in May 2026.

19. Provisions for liabilities

£m	Unaudited as at 30.06.26	Audited as at 31.12.25
Provision for the costs of surplus properties	**3.5**	3.9
Commission clawbacks (note A)	**19.2**	18.8
Survey and valuation claims	**3.4**	3.8
Customer compensation	**0.5**	0.6
Other provisions	**7.5**	5.5
Total provisions for liabilities	**34.1**	32.6

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 £10.0m, of which a £1.7m charge is recognised in the line 'Provisions for liabilities' and a £8.3m charge in regards Commission clawbacks is recognised against 'Fees and commissions receivable' (six months ended 30 June 2025: £7.3m charge, 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').

20. Additional cash flow information

a) Cash flows from operating activities

For the purposes of the Statements of Cash Flows, amounts presented within the line 'Changes in operating assets and liabilities' include the following:

Changes in operating assets £m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Loans and advances to credit institutions	**6.6**	24.9
Loans and advances to customers	**(1,210.6)**	(1,312.1)
Derivative financial assets	**101.5**	51.8
Prepayments and accrued income	**(15.9)**	(20.5)
Other financial assets	**(29.9)**	(36.2)
Changes in operating assets	**(1,148.3)**	(1,292.1)

20. Additional cash flow information (continued)

Changes in operating liabilities £m	Unaudited 6 months to 30.06.26	Unaudited 6 months to 30.06.25
Shares	**748.4**	1,195.5
Amounts owed to credit institutions and other customers	**(72.9)**	(1,034.5)
Debt securities in issue	**455.1**	459.2
Derivative financial liabilities	**(61.7)**	9.0
Accruals and deferred income	**(17.3)**	(3.9)
Provisions for liabilities	**(8.5)**	(7.0)
Retirement benefit obligations	**(1.7)**	(12.8)
Other financial liabilities	**12.1**	31.4
Changes in operating liabilities	**1,053.5**	636.9
Net changes in operating assets and liabilities	**(94.8)**	(655.2)

b) Cash flows from financing activities

For the purposes of the Condensed Consolidated Statement of Cash Flows, put option obligations, 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 6 months to 30.06.26 £m	Put option obligation	Lease liabilities	Subordinated liabilities	Subscribed capital	Total
At 1 January 2026	**1.0**	**110.3**	**356.0**	**15.2**	**482.5**
Cash flow items:					
Lease payments (excluding interest)	**-**	**(20.0)**	**-**	**-**	**(20.0)**
Interest paid	**-**	**(2.6)**	**(11.0)**	**(0.6)**	**(14.2)**
Exercise of put options held by non-controlling shareholders	**(0.6)**	**-**	**-**	**-**	**(0.6)**
Non-cash flow items:					
Changes in fair values	**-**	**-**	**(3.7)**	**-**	**(3.7)**
Interest expense	**-**	**2.6**	**11.1**	**0.6**	**14.3**
Lease additions	**-**	**24.3**	**-**	**-**	**24.3**
Lease disposals	**-**	**(0.5)**	**-**	**-**	**(0.5)**
Lease modifications / remeasurements	**-**	**6.5**	**-**	**-**	**6.5**
At 30 June 2026	**0.4**	**120.6**	**352.4**	**15.2**	**488.6**

Unaudited 6 months to 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

21. Financial instruments

a) Classification and measurement

The tables below summarise the classification of the Group's financial assets and liabilities, including the carrying values and fair values of those financial assets and liabilities.

Financial assets and liabilities held within the Group Statement of Financial Position at fair value are grouped into Levels 1 to 3 of the fair value hierarchy.

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 282 of the 2025 Annual Report and Accounts and remained materially unchanged in the period ended 30 June 2026.

Unaudited as at 30.06.26 £m	Carrying value	Fair value hierarchy			Fair value
		Level 1	Level 2	Level 3	
Financial assets at amortised cost:					
Cash in hand and balances with the Bank of England	1,962.5		n/a		1,962.5
Loans and advances to credit institutions	332.9		n/a		332.9
Loans and advances to customers	34,456.9		n/a		34,499.5
Trade receivables	73.4		n/a		73.4
Financial assets held at FVOCI:					
Debt securities	3,662.6	3,662.6	-	-	3,662.6
Financial assets at FVTPL:					
Derivative financial instruments	349.4	-	334.2	15.2	349.4
Loans and advances to customers	0.8	-	-	0.8	0.8
Equity release portfolio	255.3	-	-	255.3	255.3
Equity share investments	18.3	-	-	18.3	18.3
Loan to defined benefit pension scheme	11.4	-	-	11.4	11.4
Total financial assets	41,123.5	3,662.6	334.2	301.0	41,166.1
Other non-financial assets	701.4				
Total assets	41,824.9				
Financial liabilities at amortised cost:					
Shares	31,234.5		n/a		31,233.0
Amounts owed to credit institutions	324.7		n/a		324.7
Amounts owed to other customers	2,649.4		n/a		2,649.5
Debt securities in issue	3,807.4		n/a		3,800.5
Lease liabilities	120.6		n/a		120.6
Trade payables	9.9		n/a		9.9
Subordinated liabilities	352.4		n/a		358.7
Subscribed capital	15.2		n/a		20.7
Financial liabilities at FVTPL:					
Derivative financial instruments	124.5	-	116.3	8.2	124.5
Fair value of put option obligation	0.4	-	-	0.4	0.4
Total financial liabilities	38,639.0	-	116.3	8.6	38,642.5
Other non-financial liabilities	236.8				
Total liabilities	38,875.8				

21. Financial instruments (continued)

Audited as at 31.12.25 £m	Carrying value	Fair value hierarchy			Fair value
		Level 1	Level 2	Level 3	
Financial assets at amortised cost:					
Cash in hand and balances with the Bank of England	1,360.2		n/a		1,360.2
Loans and advances to credit institutions	353.3		n/a		353.3
Loans and advances to customers	33,378.9		n/a		33,609.2
Trade receivables	73.6		n/a		73.6
Financial assets held at FVOCI:					
Debt securities	4,269.4	4,269.4	-	-	4,269.4
Financial assets at FVTPL:					
Derivative financial instruments	350.8	-	335.2	15.6	350.8
Loans and advances to customers	0.8	-	-	0.8	0.8
Equity release portfolio	263.1	-	-	263.1	263.1
Equity share investments	18.3	-	-	18.3	18.3
Loan to defined benefit pension scheme	10.9	-	-	10.9	10.9
Total financial assets	40,079.3	4,269.4	335.2	308.7	40,309.6
Other non-financial assets	664.9				
Total assets	40,744.2				
Financial liabilities at amortised cost:					
Shares	30,526.3		n/a		30,535.0
Amounts owed to credit institutions	327.2		n/a		327.2
Amounts owed to other customers	2,719.6		n/a		2,723.5
Debt securities in issue	3,361.9		n/a		3,349.8
Lease liabilities	110.3		n/a		110.3
Trade payables	14.4		n/a		14.4
Subordinated liabilities	356.0		n/a		364.1
Subscribed capital	15.2		n/a		21.1
Financial liabilities at FVTPL:					
Derivative financial instruments	186.2	-	178.4	7.8	186.2
Fair value of put option obligation	1.0	-	-	1.0	1.0
Total financial liabilities	37,618.1	-	178.4	8.8	37,632.6
Other non-financial liabilities	261.5				
Total liabilities	37,879.6				

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 above). There were no transfers between different levels of the fair value hierarchy during the six months ended 30 June 2026, the six months ended 30 June 2025 or the year ended 31 December 2025 (for details of the Group's policy regarding transfers, see Note 46b) to the 2025 Annual Report and Accounts).

Level 2 financial instruments

For Level 2 financial instruments, the valuation techniques remain unchanged from those disclosed in Note 46b) to the 2025 Annual Report and Accounts.

Level 3 financial instruments

The following tables analyse the movements in the Level 3 portfolio during the period.

21. Financial instruments (continued)

For the Level 3 financial instruments shown below, the valuation techniques remain unchanged from those disclosed in Note 46b) to the 2025 Annual Report and Accounts. Further details on the inputs into the valuations, and the impact of reasonably possible alternative assumptions of certain inputs, can be found in Note 1c). In regards 'Equity share investments', the valuation of the Group's unlisted investments is typically regarded as a Level 3 valuation technique as certain inputs are not market observable.

Unaudited as at 30.06.26 £m	Equity share investments	Equity release portfolio	Loans and advances to customers	Derivative financial instruments	Fair value of put option obligation	Loan to defined benefit pension scheme	Total
At 1 January 2026	18.3	263.1	0.8	7.8	(1.0)	10.9	299.9
(Loss) / gain recognised in Income Statement	-	(4.8)[A]	-	2.8[B]	-	2.5[C]	0.5
Accrued interest	-	(0.1)[D]	-	(3.6)[D]	-	0.3[D]	(3.4)
Repayments	-	(1.9)	-	-	-	(2.3)	(4.2)
Realised losses	-	(1.0)[E]	-	-	-	-	(1.0)
Exercise of put options by non-controlling shareholders	-	-	-	-	0.6	-	0.6
At 30 June 2026	18.3	255.3	0.8	7.0	(0.4)	11.4	292.4

Audited as at 31.12.25 £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 2025	16.9	277.2	0.9	(0.8)	(4.1)	21.9	-	312.0
Gain / (loss) recognised in Income Statement	0.4	(14.5)	-	8.1	(0.2)	5.6	(2.2)	(2.8)
Revaluation to goodwill	-	-	-	-	(0.8)	-	-	(0.8)
Accrued interest	-	5.7	0.1	0.5	-	-	0.8	7.1
Repayments	-	(4.0)	(0.2)	-	-	-	(2.3)	(6.5)
Realised losses	-	(1.3)	-	-	-	-	-	(1.3)
Exercise of put options by non-controlling shareholders	-	-	-	-	4.2	-	-	4.2
Additions / disposals / other	1.0	-	-	-	(0.1)	(27.5)	14.6	(12.0)
At 31 December 2025	18.3	263.1	0.8	7.8	(1.0)	-	10.9	299.9

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 'Loan to defined benefit pension scheme'.

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

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

22. 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 2026 that have materially affected the financial position or the performance of the Group during that period.

Related party transactions for the half year ended 30 June 2026 are similar in nature to those for the year ended 31 December 2025. Full details of the Group's related party transactions for the year ended 31 December 2025 can be found in Note 11 Related party transactions in the 2025 Annual Report and Accounts.

23. Other financial commitments and contingent liabilities

There have been no significant changes in contingent liabilities during the half year ended 30 June 2026.

24. Subsequent events

Connells incurred restructuring costs during the first half of the year, as reported in these financial statements. Following the reporting date, management confirmed the continuation of restructuring activities, and additional costs are expected to be incurred during the second half of the year as the programme progresses. As these costs relate to future activities and obligations arising after the reporting date, no further provision has been recognised.

A litigation matter (an employment tribunal claim against Connells Limited and Skipton Group Holdings Limited) remains ongoing at the date of approval of the financial statements. Judgment was provided on 21 July 2026 following a hearing in late May and early June and a remedies hearing is listed for October 2026. As the final outcome and financial impact remains uncertain, no adjustment has been made to these financial statements. Management will continue to monitor developments and assess any accounting implications as the matter progresses.

There have been no other material post balance sheet events between 30 June 2026 and the approval by the Board of this Half-Yearly Financial Report.

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

Chair

30 July 2026

Gwyn Burr
Chair
Non-Executive Director

Stuart Haire
Group Chief Executive
Executive Director

Paul Chambers
Group Chief Financial Officer
Executive Director

Graham Lindsay
Deputy Chair
Non-Executive Director

Iain Cummings
Non-Executive Director

Steven Davis
Non-Executive Director

Hasintha Gunawickrema
Non-Executive Director

Denis Hall
Non-Executive Director

Heather Jackson
Non-Executive Director

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 2026 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 24. 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 2026 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 Financial Report, we are responsible for expressing to the Group a conclusion on the condensed set of financial statements. 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.

Blake Adlem
Senior Statutory Auditor
For and on behalf of Ernst & Young LLP
Edinburgh
30 July 2026

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 2025 has been extracted from the audited 2025 Annual Report and Accounts, which have been filed with the Financial Conduct Authority.

The Independent Auditor's Report on the 2025 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 2025 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 2026 was approved by the Board of Directors on 30 July 2026.