

Pillar 3 Disclosures

31 December 2025

CONTENTS

1	INTRODUCTION.....	5
1.1	Scope of application	5
1.2	Basis of presentation	5
1.3	Frequency of disclosure.....	5
1.4	Non-material, proprietary or confidential information	5
1.5	Pillar 3 Policy.....	6
1.6	Verification and sign off	6
2	KEY METRICS AND OVERVIEW OF RISK-WEIGHTED EXPOSURE AMOUNTS	7
2.1	UK KM1 - Key metrics template.....	7
2.2	UK OV1 – Overview of risk weighted assets	8
2.3	UK OVC – ICAAP information	9
2.4	UK INS1 – Insurance participation	9
2.5	UK INS2 – Financial conglomerates information on own funds and capital adequacy ratio	9
3	RISK MANAGEMENT POLICIES AND OBJECTIVES	10
3.1	UK OVA – Risk management approach	10
3.2	UK OVB – Governance arrangements	14
4	SCOPE OF APPLICATION	17
4.1	UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	17
4.2	UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements	21
4.3	UK LI3 – Outline of the differences in the scopes of consolidation (entity by entity).....	22
4.4	UK LIA – Explanations of differences between accounting and regulatory exposure amounts	23
4.5	UK LIB – Other qualitative information on the scope of application	23
4.6	UK PV1 – Prudent valuation adjustments (PVA)	24
5	OWN FUNDS.....	25
5.1	UK CC1 – Composition of regulatory own funds	25
5.2	UK CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements.....	27
5.3	UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments.....	28
6	COUNTERCYCLICAL CAPITAL BUFFER.....	30
6.1	UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	30
6.2	UK CCyB2 – Amount of institution-specific countercyclical capital buffer	33
7	LEVERAGE RATIO.....	34
7.1	UK LR1 – LRSum: summary reconciliation of accounting assets and leverage ratio exposures.....	34
7.2	UK LR2 – LRCom: Leverage ratio common disclosure.....	35
7.3	UK LR3 – LRSpI: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)	36
7.4	UK LRA – Disclosure of leverage ratio qualitative information	36
8	LIQUIDITY REQUIREMENTS.....	37
8.1	UK LIQA – Liquidity risk management.....	37
8.2	UK LIQ1 – Quantitative information of LCR.....	40

8.3	UK LIQB – Qualitative information on LCR, which complements template UK LIQ1	41
8.4	UK LIQ2 – Net Stable Funding Ratio.....	42
9	CREDIT RISK QUALITY	44
9.1	UK CRA – General qualitative information about credit risk.....	44
9.2	UK CRB – Additional disclosure related to the credit quality of assets	45
9.3	UK CR1 – Performing and non-performing exposures and related provisions	46
9.4	UK CR1-A – Maturity of exposures.....	48
9.5	UK CR2 – Changes in the stock of non-performing loans and advances	48
9.6	UK CR2-A – Changes in the stock of non-performing loans and advances and related net accumulated recoveries	49
9.7	UK CQ1 – Credit quality of forborne exposure.....	49
9.8	UK CQ2 – Quality of forbearance	50
9.9	UK CQ3 – Credit quality of performing and non-performing exposures by past due days	51
9.10	UK CQ4 – Quality of non-performing exposures by geography	53
9.11	UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry	53
9.12	UK CQ6 – Collateral valuation - loans and advances.....	54
9.13	UK CQ7 – Collateral obtained by taking possession and execution processes	55
9.14	UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown	55
10	CREDIT RISK MITIGATION TECHNIQUES	56
10.1	UK CRC – Qualitative disclosure requirements related to CRM techniques	56
10.2	UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques	58
11	STANDARDISED APPROACH.....	59
11.1	UK CRD – Qualitative disclosure requirements related to standardised model	59
11.2	UK CR4 – Standardised approach – Credit risk exposure and CRM effects.....	60
11.3	UK CR5 – Standardised approach.....	62
12	IRB APPROACH TO CREDIT RISK	64
12.1	UK CRE – Qualitative disclosure requirements related to IRB approach	64
12.2	UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range.....	68
12.3	UK CR6-A – Scope of the use of IRB and SA approaches	70
12.4	UK CR7 IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques	71
12.5	UK CR7-A IRB approach – Disclosure of the extent of the use of CRM techniques	71
12.6	UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach.....	72
12.7	UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale).....	73
12.8	UK CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR).....	74
13	SPECIALISED LENDING AND EQUITY EXPOSURES	75
13.1	Specialised lending	75
13.2	UK CR10.5 – Equity exposures under the simple risk-weighted approach	75
14	COUNTERPARTY CREDIT RISK.....	76
14.1	UK CCRA – Qualitative disclosure related to CCR	76
14.2	UK CCR1 – Analysis of CCR exposure by approach	78

14.3	UK CCR2 – Transactions subject to own funds requirements for CVA risk.....	79
14.4	UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights.....	80
14.5	UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale.....	82
14.6	UK CCR5 – Composition of collateral for CCR exposures.....	82
14.7	UK CCR6 – Credit derivatives exposures	82
14.8	UK CCR7 – RWEA flow statements of CCR exposures under the IMM.....	82
14.9	UK CCR8 – Exposures to CCPs	82
15	SECURITISATION POSITIONS	84
15.1	UK-SECA – Qualitative disclosure requirements related to securitisation exposures.....	84
15.2	UK SEC1 – Securitisation exposures in the non-trading book.....	86
15.3	UK SEC2 – Securitisation exposures in the trading book.....	87
15.4	UK SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as originator or as sponsor.....	87
15.5	UK SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as investor.....	88
15.6	UK SEC5 – Exposures securitised by the institution - Exposures in default and specific credit risk adjustments.....	89
16	STANDARDISED APPROACH AND INTERNAL MODEL FOR MARKET RISK	90
16.1	UK MRA – Qualitative disclosure requirements related to market risk.....	90
16.2	UK MR1 – Market risk under the standardised approach.....	90
16.3	Information on the internal Market Risk Models.....	91
17	EXPOSURES TO INTEREST RATE RISK ON POSITIONS NOT HELD IN THE TRADING BOOK (IRRBB).....	92
17.1	UK IRRBBA – IRRBB risk management objectives and policies	92
17.2	UK IRRBB1 – Quantitative information on IRRBB.....	95
18	OPERATIONAL RISK.....	96
18.1	UK ORA – Qualitative information on operational risk.....	96
18.2	UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts.....	97
19	REMUNERATION POLICY	98
19.1	UK REMA – Remuneration policy	98
19.2	UK REM1 – Remuneration awarded for the financial year	105
19.3	UK REM2 – Special payments to staff whose professional activities have a material impact on institutions’ risk profile (identified staff)	107
19.4	UK REM3 – Deferred remuneration	109
19.5	UK REM4 – Remuneration of 1 million EUR or more per year	111
19.6	UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions’ risk profile (identified staff)	111
20	ENCUMBERED AND UNENCUMBERED ASSETS.....	112
20.1	UK AE1 – Encumbered and unencumbered assets	112
20.2	UK AE2 – Collateral received and own debt securities issued	114
20.3	UK AE3 – Sources of encumbrance	116
20.4	UK AE4 – Accompanying narrative information	117
	GLOSSARY	118

1 Introduction

This document presents the Pillar 3 disclosures of Skipton Building Society (the Society) and its subsidiaries at the prudential group level as at 31 December 2025.

These Pillar 3 disclosures are published on the Society's website www.skipton.co.uk/about-us/pillar-3-disclosure.

1.1 Scope of application

The Society is required to calculate and maintain regulatory capital on both a prudential consolidation group (Group) and a Society only basis. The Group comprises the Society and a small number of subsidiaries, excluding those deemed as immaterial or not core to financial services.

The basis of consolidation for regulatory and accounting purposes are different. For an overview of the differences between accounting and regulatory scopes of consolidation, see section 4.

1.2 Basis of presentation

The disclosures have been prepared in accordance with the Capital Requirements Directive (CRD V), the United Kingdom's Capital Requirements Regulation (UK CRR) and the disclosure requirements set out in the Prudential Regulation Authority's (PRA) Rulebook. No changes have been made to the fixed templates, unless specifically stated above or directly beneath the relevant template.

These Pillar 3 disclosures are based upon the Group's Financial Statements for the year ended 31 December 2025, unless otherwise stated. As such, they should be read alongside the Group's Annual Report and Accounts 2025, which is available on the Society's website on www.skipton.co.uk/about-us/financial-results. Reference to the Group's Annual Report and Accounts 2025 has been set out clearly in the relevant sections of this document to avoid duplication of information.

The Group's Annual Report and Accounts 2025 are prepared in line with International Financial Reporting Standards (IFRS), whilst the balances within the Pillar 3 disclosures are disclosed at a prudential group level (see section 1.1 above). The differences between the two documents are set out in sections 4 and 5.

All figures and narratives are as at 31 December 2025. Comparative analysis is provided as required in the PRA Rulebook.

1.3 Frequency of disclosure

The Society is required to publish Pillar 3 disclosures quarterly in accordance with the requirements set out in Article 433a of the PRA Rulebook.

1.4 Non-material, proprietary or confidential information

The Society is required to publish Pillar 3 disclosures in accordance with Article 432 of the PRA Rulebook, which allows an institution to omit disclosures if the information provided is not considered material or if it is regarded as proprietary or confidential.

In accordance with Article 440 of the PRA Rulebook, the Countercyclical Capital Buffer template UK CCyB1 sets out a geographical breakdown of the obligors for relevant exposure types. For materiality reasons, only those countries where a countercyclical buffer rate has been set or which individually have an own funds requirement weighting of equal to or more than one percent are listed. Exposures in countries where these criteria are not met have been presented in aggregate as 'other countries'.

In template UK OVA, point (a), the Group does not disclose key ratios, limits, and figures relating to its Board risk appetite statements, as they are considered proprietary information.

There have been no other omissions based on non-materiality, proprietary or confidentiality.

1.5 Pillar 3 Policy

The Board has adopted a formal policy for the production of the Pillar 3 disclosures. The Pillar 3 Policy (Policy) sets out the principles which ensure that the Pillar 3 disclosures satisfy the regulatory reporting requirements in respect of the basis, frequency, verification and appropriateness of disclosures, and the governance and control framework applied in the preparation of the disclosures. The Policy also ensures that the Group's risk profile is comprehensively disclosed and that our disclosures are comparable to other market participants.

1.6 Verification and sign off

These disclosures have been verified and approved in line with the Policy and contain the following key elements to comply with the disclosure requirements:

- Compliance with regulatory requirements, as set out in the PRA Rulebook, has been documented and has been subject to risk-based review activities by the Society's second line risk management function to provide assurance over the reviewed areas of disclosures.
- The Pillar 3 governance and control framework has been applied to the production of the disclosures; and
- The standard of internal controls applied to the Pillar 3 disclosures is consistent with that applied to other statutory reporting requirements.

These Pillar 3 disclosures have been reviewed and approved by the Board Audit Committee (BAC) on behalf of the Board in accordance with the Policy.

"We attest that, to the best of our knowledge, the Pillar 3 disclosures have been prepared in accordance with the Policy and the principles described within it".

Paul Chambers

Group Chief Financial Officer

Steve O'Regan

Group Chief Risk Officer

2 Key metrics and overview of risk-weighted exposure amounts

2.1 UK KM1 - Key metrics template

Further details on the movement in key metrics are available in the Strategic Report on pages 35 and 44 of the Group's Annual Report and Accounts 2025.

		a	b	c	d	e
		31 Dec 25	30 Sep 25	30 Jun 25	31 Mar 25	31 Dec 24
		£m	£m	£m	£m	£m
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,575.0	2,462.2	2,465.7	2,360.6	2,375.1
2	Tier 1 capital	2,575.0	2,462.2	2,465.7	2,360.6	2,375.1
3	Total capital	2,590.0	2,502.2	2,505.7	2,400.6	2,415.1
Risk-weighted exposure amounts (RWEAs)						
4	Total risk-weighted exposure amount	9,141.4	8,802.3	8,559.3	8,504.3	8,277.4
Capital ratios (as a % of RWEAs)						
5	Common Equity Tier 1 ratio (%)	28.2	28.0	28.8	27.8	28.7
6	Tier 1 ratio (%)	28.2	28.0	28.8	27.8	28.7
7	Total capital ratio (%)	28.3	28.4	29.3	28.2	29.2
Additional own funds requirements based on SREP (as a % of RWEAs)						
UK 7a	Additional CET1 SREP requirements (%)	1.5	1.5	1.1	1.1	1.2
UK 7b	Additional AT1 SREP requirements (%)	0.5	0.5	0.4	0.4	0.4
UK 7c	Additional T2 SREP requirements (%)	0.6	0.6	0.5	0.5	0.5
UK 7d	Total SREP own funds requirements (%)	10.6	10.6	10.0	10.0	10.1
Combined buffer requirement (as a % of RWEAs) ¹						
8	Capital conservation buffer (%)	2.5	2.5	2.5	2.5	2.5
9	Institution specific countercyclical capital buffer (%)	1.8	1.8	1.8	1.8	1.8
11	Combined buffer requirement (%)	4.3	4.3	4.3	4.3	4.3
UK 11a	Overall capital requirements (%)	14.9	14.9	14.3	14.3	14.4
12	CET1 available after meeting the total SREP own funds requirements (%)	17.8	17.8	19.3	18.2	19.1
Leverage ratio ²						
13	Total exposure measure excluding claims to central banks	38,477.2	38,439.9	37,570.0	36,793.2	35,936.9
14	Leverage ratio excluding claims on central banks (%)	6.7	6.4	6.6	6.4	6.6
Liquidity Coverage Ratio ³						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,702.4	5,906.6	6,012.7	6,102.2	6,100.6
UK 16a	Cash outflows - Total weighted value	3,272.0	3,311.3	3,407.3	3,511.5	3,662.4
UK 16b	Cash inflows - Total weighted value	212.4	211.1	252.3	247.0	244.6
16	Total net cash outflows (adjusted value)	3,059.6	3,100.2	3,155.0	3,264.5	3,417.8
17	Liquidity coverage ratio (%)	186.7	190.8	191.0	187.4	179.0
Net Stable Funding Ratio ⁴						
18	Total available stable funding	35,805.4	35,153.8	34,584.6	34,173.5	33,570.7
19	Total required stable funding	25,867.5	25,179.6	24,899.7	24,633.4	24,360.6
20	Net Stable Funding Ratio (%)	138.4	139.6	138.9	138.7	137.8

Notes

- The buffer requirement in rows UK 8a, UK 9a to UK10a have been removed from the template as they are not applicable for the Group.
- The additional leverage ratio disclosure requirements only apply to financial institutions with deposits equal to or greater than £50bn or with non-UK assets equal to or greater than £10bn. The rows UK-14a to UK-14e have been removed from the template as the Group is not currently captured by either threshold.
- In line with regulatory guidance, values are calculated as the simple average of the 12 month-end observations preceding each quarter. Percentages may not sum precisely due to rounding of quarterly averages.
- Per guidance, the values have been calculated based on a four quarter rolling average of quarter-end positions.
- The Group applied IFRS 9 transitional arrangements for capital calculations under Article 473a of the UK CRR from 1 January 2018 to 31 December 2024. These transitional arrangements ended on 1 January 2025 but are reflected in comparatives and did not significantly impact the Group's capital position, as previously disclosed.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

2.2 UK OV1 – Overview of risk weighted assets

The template below provides an overview of RWAs and minimum capital requirements under the Pillar 1 capital requirement as at 31 December 2025.

		a		b		c	
		Risk weighted exposure amounts (RWEAs)		Total Own Fund Requirements		31 Dec 25	
		31 Dec 25	30 Sep 25	31 Dec 25	30 Sep 25	31 Dec 25	31 Dec 25
		£m	£m	£m	£m	£m	£m
1	Credit risk (excluding CCR)	8,078.8	7,784.6			646.3	
2	Of which standardised approach	1,407.0	1,422.4			112.6	
3	Of which the foundation IRB (FIRB) approach ¹	-	-			-	
4	Of which slotting approach ¹	-	-			-	
UK 4a	Of which equities under the simple risk weighted approach	306.8	306.9			24.5	
5	Of which the advanced IRB (AIRB) approach ²	6,365.0	6,055.3			509.2	
6	Counterparty credit risk (CCR)	122.9	113.4			9.9	
7	Of which the standardised approach	28.7	27.1			2.3	
8	Of which internal model method (IMM) ¹	-	-			-	
UK 8a	Of which exposures to a CCP	8.5	8.8			0.7	
UK 8b	Of which credit valuation adjustment - CVA	85.7	77.5			6.9	
9	Of which other CCR	-	-			-	
15	Settlement risk	-	-			-	
16	Securitisation exposures in the non-trading book (after the cap)	61.8	63.8			4.9	
17	Of which SEC-IRBA approach ¹	-	-			-	
18	Of which SEC-ERBA (including IAA) ³	61.8	63.8			4.9	
19	Of which SEC-SA approach ¹	-	-			-	
UK 19a	Of which 1250%/ deduction ¹	-	-			-	
20	Position, foreign exchange and commodities risks (Market risk) ⁴	-	-			-	
21	Of which the standardised approach	-	-			-	
22	Of which IMA ¹	-	-			-	
UK 22a	Large exposure	-	-			-	
23	Operational risk	877.9	840.5			70.2	
UK 23a	Of which basic indicator approach ¹	-	-			-	
UK 23b	Of which standardised approach	877.9	840.5			70.2	
UK 23c	Of which advanced measurement approach ¹	-	-			-	
24	Amounts below the thresholds for deduction (subject to 250% risk weight) (For information) ⁵	11.7	11.0			0.9	
29	Total	9,141.4	8,802.3			731.3	

Notes

1. This approach is not applicable to the Group.
2. The advanced IRB approach includes £159.9m of non-credit obligation assets (30 September 2025: £56.5m), risk-weighted at 100%. The movement is driven mainly by higher mortgage lending and additional factors, including increased RWAs due to fair value hedge adjustments on fixed rate IRB mortgages, following a reduction in long-term interest rate expectations, and the re-categorisation of the EIR accounting adjustment as a non-credit obligation asset.
3. The Internal Assessment Approach (IAA) is not applicable to the Group.
4. As permitted per Article 351 of the UK CRR, the Group has elected to set exposure to market risk at zero, as the overall net foreign exchange position remains below the prescribed threshold.
5. The amount, which includes RWAs related to deferred tax assets and equity exposures subject to a 250% risk weight, is presented for information purposes only, as these exposures are already included in rows 2 and 5.

2.3 UK OVC – ICAAP information

a) Approach to assessing the adequacy of internal capital (Article 438(a) CRR)

The Group holds capital to absorb losses. The Internal Capital Adequacy Assessment Process (ICAAP) is the means by which the Group ensures it has:

- Sufficient levels of capital resources to pursue the corporate objectives as set out in the Group's five-year Corporate Plan in light of the risks it faces; and
- Sufficient capital resources to trade through a variety of scenarios, including a severe recession, if necessary, by applying appropriate management actions.

In formulating the Group's five-year Corporate Plan, the Board takes its overall objectives into consideration and evaluates them based on its risk appetites.

The individual component parts included in the ICAAP are challenged in the relevant executive committees before the results are articulated in a single document which is reviewed and approved by the Board. The ICAAP is considered by the PRA as part of its Supervisory Review and Evaluation Process, when setting the Society's firm-specific capital requirements.

Under the CRR framework, Pillar 1 sets out the minimum regulatory capital requirements for credit, market and operational risks. The Pillar 2A assessment considers firm-specific risks not sufficiently captured by Pillar 1. The Pillar 2B element provides an assessment of the additional capital required to withstand the impact of a stress scenario.

The capital plan provides the baseline for stress testing analysis which considers the impact of alternative scenarios on the Group's capital resources and capital requirements and the actions we can take to manage our capital position during periods of stress.

b) The result of the Group's Internal Capital Adequacy Assessment Process (Article 438(c) CRR)

In accordance with the PRA Rulebook, this information shall only be disclosed by institutions when required by the relevant competent authority. This has not been requested from the Group.

2.4 UK INS1 – Insurance participation

The Group has no own funds held in insurance or reinsurance firms, and as such, this template has not been presented.

2.5 UK INS2 – Financial conglomerates information on own funds and capital adequacy ratio

Financial conglomerates are large groups with significant activities across more than one financial sector, typically including banking, investment and insurance. The Group does not qualify as a financial conglomerate, and as such, this template has not been presented.

3 Risk management policies and objectives

3.1 UK OVA – Risk management approach

a) Risk statement approved by the management body (Point (f) of Article 435(1) CRR)

As a mutual organisation, the Board is charged with the protection of members' deposits and bases its risk appetites on avoiding strategies or business practices which would threaten members' interests.

The Board's risk appetites express both qualitative and quantitative boundaries that provide clear guidance on the limits of risk exposure that are acceptable and in line with the business strategy. The defined Board risk appetite statements are supported by a comprehensive range of metrics used to assess business performance and risk exposure against its risk appetites. A key objective of the Group is to maintain strong capital and liquidity levels above risk appetite. These measures are monitored by Senior Executives, and the Board on an ongoing basis to help ensure that minimum regulatory requirements are met, and that the Group has sufficient levels of capital and liquidity for current and projected future activities, using a range of potential stress scenarios.

The Board Risk Committee (BRC) is responsible for considering and recommending the Board risk appetites, and capital adequacy and liquidity management policies to the Board. The Board reviews and approves risk appetites on an annual basis or more frequently in the event of changes to the operating environment, with the aim of ensuring that the approach is consistent with the Group's business, and its strategic and regulatory objectives.

The principal risks are those that are inherent to the Group's business model and strategy, as well as to the economic environment within which the Group operates. During the year, each principal risk along with the other key risks within the taxonomy are assessed for severity and evaluated based on its likelihood and potential impact. Risks are managed through the Group's internal control framework. These risks are actively monitored and reported monthly through established governance structures, providing a consolidated view of the overall risk and control environment. Further details on the principal risks and other key risk categories that the Group is managing to meet its strategic objectives are set out in the Strategic Report of the Group's Annual Report and Accounts 2025 on pages 47 to 54.

The Group Risk Management Framework (GRMF) also includes the Group Risk Taxonomy, which defines the categories of key risks across the businesses and provides consistent definitions and terminology. This ensures that risks are effectively managed throughout the Group and that all risks are appropriately identified, assessed, mitigated, monitored, and reported consistently.

b) Information on the risk governance structure for each type of risk (Point (b) of Article 435(1) CRR)

Board

The Board's terms of reference clearly set out its responsibility for the overall stewardship of the Group within the context of the Group's 'principles of governance' which are set out in detail in the Strategic Report of the Group's Annual Report and Accounts 2025 on pages 47 to 54.

The Board has delegated certain matters to its committees in order that these can be considered in more detail. Further details on the specific roles and responsibilities of the Board and the executive committees are set out in the Corporate Governance Report of the Group's Annual Report and Accounts 2025 on pages 73 to 76 and in the individual Committee Reports on pages 84, 92 and 96.

In accordance with the CRD regulations, the BRC's membership comprises only Non-Executive Directors. The responsibilities of the BRC are delegated by the Board and are set out in its written terms of reference, which are available on Society's website at www.skipton.co.uk/about-us/governance/board-committees.

Group Risk Management Framework (GRMF)

The Group has a formal structure for identifying and managing risks throughout the business. This framework is designed to enable delivery of the Corporate Plan in line with the Board's overall risk appetite and is based upon the best practice 'three lines of defence' model which is set out in detail in the Board Risk Committee Report of the Group's Annual Report and Accounts on page 97.

Risk Culture

The Group's risk management is built on strong governance and a culture that guides decisions across the organisation. The Board promotes a culture that:

- Understands its risks and applies proportionate controls to stay within risk appetite;
- Provides clear, timely risk insight to support informed decisions at all levels;
- Builds a skilled, engaged workforce that delivers good customer outcomes and recognises risk-aware performance;
- Ensures that incentive plans are designed to promote good customer outcomes; and
- Has an embedded and effective Whistleblowing Policy with supporting procedures.

The risk management process adopted by the Group is based on an end-to-end process for managing risks. It is forward-looking and comprises elements for identification, assessment, mitigation, management and reporting risk. Everyone is responsible for managing and mitigating risks and supporting a strong risk culture.

c) Declaration approved by the management body on the adequacy of the risk management arrangements (Point (e) of Article 435(1) CRR)

The Board, as the management body, monitors the Group's risk management and internal control systems. The GRMF is being embedded to strengthen and mature risk management across the Group. The Corporate Governance Report and the Board Risk Committee Report of the Group's Annual Report and Accounts 2025, on pages 70 to 82 and pages 96 to 98, provide further detail on the Board's review of the framework of internal control and compliance with the UK Corporate Governance Code.

d) Scope and nature of risk disclosure and/or measurement systems (Point (c) of Article 435(1) CRR)

Through an established risk management framework and governance structure, the Group has a formal mechanism for identifying and managing risks throughout the business. Day-to-day operation of the business naturally exposes the Group to a range of potential risks. Monthly risk management reporting is in place, which includes monitoring against risk appetite, the current risk profile, emerging risks, and outputs from Group Internal Audit. This allows senior management to understand the overall position and take appropriate actions. Risks and risk events are recorded and managed on the Group risk management system.

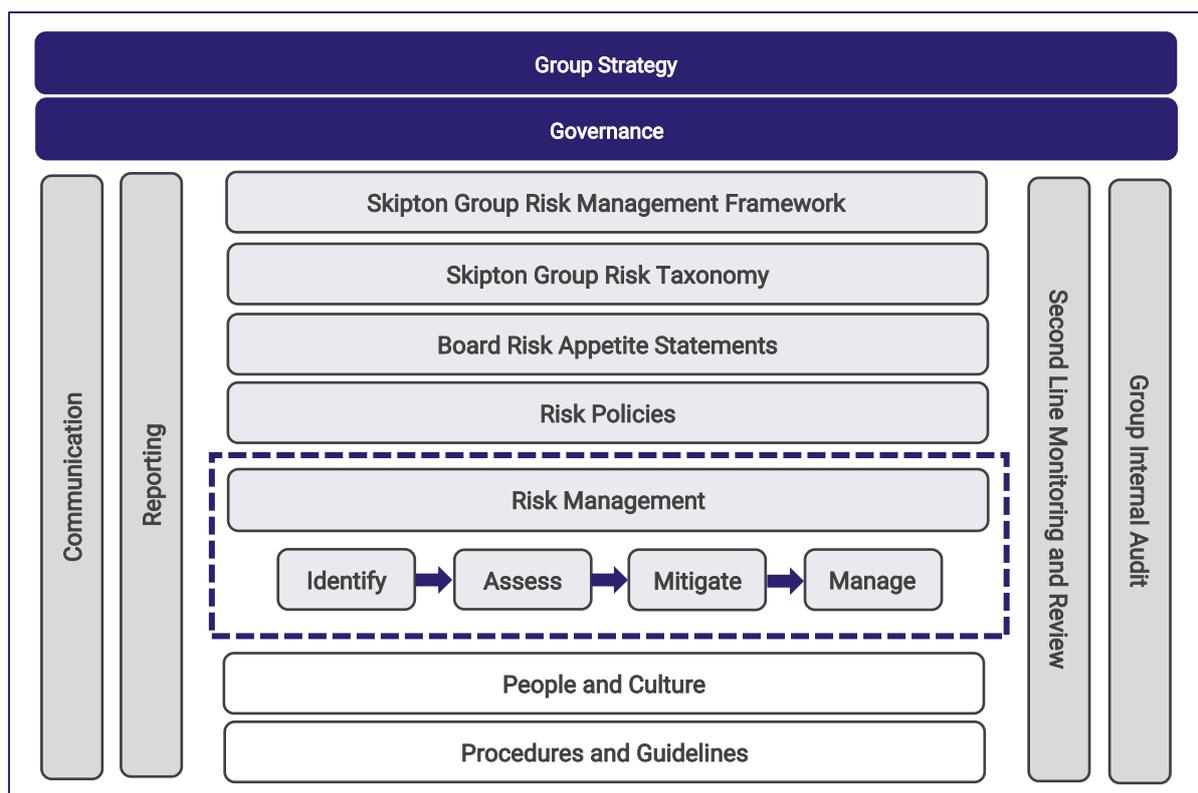
e) Information on the main features of risk disclosure and measurement systems (Point (c) of Article 435(1) CRR)

Executive directors and senior management are responsible for maintaining an effective Group risk management framework supported by strong internal controls. Further details on the specific internal control functions are set out in the Corporate Governance Report of the Group's Annual Report and Accounts on pages 78 and 79.

f) Strategies and processes to manage risks for each separate category of risk (Point (a) of Article 435(1) CRR)

The GRMF sets out the strategies, processes and governance arrangements that ensure all principal risks facing the Group are identified and managed.

The Group's risk management strategy is to ensure robust risk management activities are in place which enable the Group to understand and mitigate its risks and in turn, support business strategy and the achievement of corporate objectives through informed decision making.



To support delivery of the Group’s strategy, there is an established governance framework in place. The Board promotes the risk management culture by overseeing the development of risk strategy, risk appetite, and supporting frameworks. The risk culture aligns with risk appetite, awareness, proactive reporting, and willingness to challenge and learn.

- Board Risk Appetite Statements**
 The Group’s risk appetite statements articulate the amount and type of risk that the Board is willing to take, or avoid, in order to achieve its strategic objectives. The Board reviews and approves risk appetites and its capacity on an annual basis or more frequently in the event of changes to the risk environment.
- Risk Management**
 To enable an effective and forward-looking risk management process, risks are identified, assessed, mitigated, managed and reported in a timely and accurate manner, in line with approved policies, processes and procedures. This framework is designed to enable the delivery of the Corporate Plan in line with the Board’s overall risk appetites and is based upon the best practice ‘three lines of defence’ model, set out in the Board Risk Committee Report of the Group’s Annual Report and Accounts 2025 on page 97.

Communication, Monitoring and Review

Key and emerging risks are reported to the Board and its supporting committees, which are set out in point b) above on a regular basis. The external environment continues to experience rapid change and the Group continues to monitor material risks to business plans.

Stress Testing

Stress testing is an integral part of the risk management process used to assess the vulnerability of financial institutions and identify risks under adverse macroeconomic and idiosyncratic scenarios. The Group undertakes a range of stress testing activities as follows:

- Internal Liquidity Adequacy Assessment Process (ILAAP)**
 Management completes, on at least an annual basis, an ILAAP outlining the liquidity and funding risks to which the Group is exposed and therefore the level of liquidity that it requires both in a business-as-usual scenario and under stressed conditions throughout the corporate planning period.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

- **Internal Capital Adequacy Assessment Process (ICAAP)**
 Management complete, on at least an annual basis, an ICAAP to assess current and projected capital requirements to support the current risks in the business and future risks arising from the Corporate Plan. The ICAAP addresses all the Group’s material risks and includes stress scenarios which are intended, as a minimum, to meet regulatory requirements. Further information on the ICAAP process is set out in template UK OVC.
- **Recovery Plan**
 In line with regulatory requirements, management maintain a Recovery Plan detailing the steps it would take to manage a severe stress scenario.
- **Climate Change Risk Stress and Scenario Testing**
 Stress testing is performed focusing on the financial risks associated with climate change and considers how different climate-related scenarios can impact the Group’s business model.
- **Interest Rate Risk in the Banking Book (IRRBB)**
 A series of regulatory and internally defined measures and stress tests are used to measure, monitor, and manage the impact of IRRBB.
- **Reverse Stress Testing**
 Reverse stress tests identify scenarios which could cause the business to fail, i.e. reach the point of non-viability, and therefore inform the setting of business strategy, and the Board’s risk appetites and trigger points. The reverse stress testing scenarios also inform which actions need to be undertaken now to minimise the impact of the scenarios which severely and adversely impact the Group.

A dedicated first line team is in place which manages and reports on Group stress testing, with oversight provided by the second line Group Risk function.

g) Information on the strategies and processes to manage, hedge and mitigate risks (Point (a) and (d) of Article 435(1) CRR)

The table below provides an overview of the risk framework in place to mitigate risks:

Mitigating Risks					
Operational Mitigations		Financial Mitigations		Structural Mitigations	
Risk Management and Controls	Governance	Liquidity	Capital	Recovery	Resolution
<p>The Group has a formal risk management structure for identifying and managing risks throughout the business.</p> <p>The day-to-day responsibility for risk management oversight is detailed in point b) above.</p>		<p>A key objective of the Group is to maintain strong liquidity and capital levels. These measures are monitored on an ongoing basis to ensure that the quality and quantity of liquidity and capital is maintained within the Board risk appetite. As a result, minimum regulatory requirements are met, and the Group has sufficient levels of liquidity and capital for current and projected future activities, as well as potential stress scenarios.</p>		<p>Recovery and Resolution Planning forms an integral part of the Group’s framework for risk management and response which includes early warning indicators, alert levels, and risk appetites.</p>	
<p>The Board has set overarching risk appetites which set out the parameters within which the business operates in a business-as-usual and stress scenario. Holistic processes are in place to mitigate the risks that the Group are exposed to which includes:</p> <ul style="list-style-type: none"> • Stress testing; • Horizon scanning and monitoring of external events; • Corporate planning; • Defined and embedded policies, frameworks, and procedures; • Defined risk appetite statements, with early warning indicators to monitor effectiveness and performance; and • Regular reporting to senior management on the risk profile and performance against appetite. 					

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

Hedging

The Group uses derivative financial instruments to hedge its exposure to balance sheet risks. In accordance with its Treasury Policy and the Building Societies Act 1986, the Group is prohibited from trading in derivatives as principal.

3.2 UK OVB – Governance arrangements

The number of directorships held by members of the Board as at 31 December 2025 is listed in the table below and have been presented in line with Article 91(3) and (4) of the CRD V. Accordingly, multiple directorships held in companies within the same group have been grouped together and counted as one directorship, whilst directorships held in companies that do not pursue a commercial objective have not been included in the data.

a) The number of directorships held by members of the management body (Point (a) of Article 435(2) CRR)

Name and position held	Directorships	Type of Directorship	Number of directorships pursuant to Article 91(3) and (4) of Directive (EU) 2013/361 (CRD)	Total Directorships held
G V Burr Non-Executive Director Chair	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director	2	3
	Metro AG	Non-Executive Director		
S A Haire Group Chief Executive	Skipton Building Society ¹	Executive Director	1	2
	Skipton Group Holdings Limited ¹	Executive Director		
P S Chambers Group Chief Financial Officer	Skipton Building Society ¹	Executive Director		
	Skipton Financial Services Limited ¹	Executive Director		
	Skipton Group Holdings Limited ¹	Executive Director	1	5
	Skipton Investments Limited ¹	Executive Director		
I A Cummings Non-Executive Director	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director		
	Rathbones Group Plc ^{2a}	Non-Executive Director		
	Rathbones Investment Management Limited ^{2a}	Non-Executive Director		
	Investec Wealth and Investment Limited ^{2a}	Non-Executive Director	3	11
	Tradition UK Holdings Limited ^{2b}	Non-Executive Director		
	Tradition (UK) Limited ^{2b}	Non-Executive Director		
	TFS Derivatives Limited ^{2b}	Non-Executive Director		
	Tradition London Clearing Limited ^{2b}	Non-Executive Director		
	Tradition Financial Services Limited ^{2b}	Non-Executive Director		
S J Davis Non-Executive Director	Tradition Management Services Limited ^{2b}	Non-Executive Director		
	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director		
	Peter Vardy Global	Non-Executive Director	3	6
	Philip Kingsley Products Limited ^{2c}	Non-Executive Director		
H I Gunawickrema Non-Executive Director	The Trichological Clinic Limited ^{2c}	Non-Executive Director		
	Scottish Ballet ³	Non-Executive Director		
	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director	2	4
D A Hall Non-Executive Director	HIG Advisory Limited	Executive Director		
	Countess of Chester Hospital NHS Foundation Trust ³	Non-Executive Director		
	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director	4	5
	Aareal Bank AG	Non-Executive Director		
H L Jackson Non-Executive Director	Auxmoney Europe Holding Limited	Non-Executive Director		
	Moneta Money Bank a.s.	Non-Executive Director		
	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director	4	8
	Ikano Bank AB	Non-Executive Director		
	Rothsay Life PLC ^{2d}	Non-Executive Director		
	Rothsay Limited ^{2d}	Non-Executive Director		
	Admiral Long Foundation ³	Trustee		
		Non-Executive Director		

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

Name and position held	Directorships	Type of Directorship	Number of directorships pursuant to Article 91(3) and (4) of Directive (EU) 2013/361 (CRD)	Total Directorships held
G L Lindsay ⁴ Non-Executive Director Deputy Chair & Senior Independent Director	The Veterinary Defence Society Limited	Trustee		
	Yorkshire Cancer Research ³			
	Skipton Building Society ¹	Non-Executive Director		
	Skipton Group Holdings Limited ¹	Non-Executive Director		
	Break Charity ³	Trustee		
	The Brain Tumour Charity ³			
	Gastonrange Ltd	Executive Director		
	Family Assurance Friendly Society Limited ^{2e 3}	Non-Executive Director	3	9
	Family Assurance Staff Pension Scheme Trustees Ltd ^{2e 3}	Trustee Director		
	Vanquis Banking Group PLC ^{2f}	Non-Executive Director		
Vanquis Bank Limited ^{2f}	Non-Executive Director			

Notes

1. Companies within Skipton Group.
2. Companies within the same group but not part of Skipton Group (a,b,c,d,e used to identify different groups).
3. Entity does not pursue a commercial objective, therefore not included in the number of directorships pursuant to Article 91(5) of the CRD V.
4. G L Lindsay was appointed as a non-executive director of Skipton Building Society and Skipton Group Holdings Limited with effect from 19 May 2025.

b) Information regarding the recruitment policy for the selection of members of the management body (Point (b) of Article 435(2) CRR)

The NomCo, which comprises all of the Society's non-executive directors, leads the process for the Board and executive appointments and succession planning.

Further details on the skills, knowledge and expertise of the Society's directors are set out in the Board of Directors report on pages 58 to 62 in the Group's Annual Report and Accounts 2025.

Information on the appointment of Board members, changes to Board composition and succession planning can be found in the Corporate Governance Report of the Group's Annual Report and Accounts 2025 on pages 77 to 78.

Our Board Composition Policy is available on the Society's website at www.skipton.co.uk/about-us/governance/board-composition-policy.

c) Information on the diversity policy with regard of the members of the management body (Point (c) of Article 435(2) CRR)

Ensuring Diversity, Equity and Inclusion in the Society is about building a culture in which the whole organisation works together and in which difference is valued.

Achieving a diverse balance of skills, independence and experience shall be the key factors of any new appointment to the Board where selection of the most suitable candidate will be paramount.

No candidate for the Board membership shall be discriminated against on grounds of gender, marital status, race, ethnic origin, colour, nationality, disability, sexual orientation, religion, age, social circumstances or any other factor.

At 31 December 2025, three members (27%) of the Board were female. Improving this ratio and harnessing the benefits of diversity will be a key consideration in all new recruitment to the Board. The Society is a signatory to the Women in Finance Charter, which underlines the Board's commitment to gender equality.

More detailed reporting on diversity and pay by gender within the Society is available on our website at www.skipton.co.uk/about-us/our-people.

d) Information whether or not the Group has set up a separate risk committee and the frequency of the meetings (Point (d) of Article 435(2) CRR)

The Society has an established BRC which held six scheduled meetings during 2025.

e) Description on the information flow on risk to the management body (Point (e) of Article 435(2) CRR)

The principal risks and uncertainties are those that are inherent to the Group's business model and strategy, as well as the economic environment within which the Group operates. These risks are overseen by the Group Chief Risk Officer (GCRO), who provides independent challenge and assurance, supported by input from other senior management. They are discussed at the BRC and Executive Committees, and then presented to the Board for further consideration and agreement, as appropriate.

The Executive Committees monitor and respond to new, emerging risks and changes in regulation or governance standards. These are reviewed at every BRC meeting and are also assessed by the Group Chief Risk Officer through day-to-day oversight and regular reporting.

The First line is responsible for regularly reviewing the overall risk profile, using inputs such as strategic risk assessments, scenario analysis, risk events and losses, root cause analyses, and key risk indicators.

Both first and second line teams maintain a watching brief to identify when risk assessments require update for new and emerging risks. The reporting process provides the BRC with continuous visibility into the Group's risk environment and enables timely challenge on risk-mitigation plans.

Further details on the Boards' responsibility for risk management and the role of the BRC is set out in the Board Risk Committee Report of the Group's Annual Report and Accounts 2025 on pages 96 to 98 and in the Board Committees and Terms of Reference on our website at www.skipton.co.uk/about-us/governance.

4 Scope of application

4.1 UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories

31 December 2025		a	b	c	d	e	f	g
Breakdown by asset class according to the balance sheet in the published financial statements		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
		£m	£m	£m	£m	£m	£m	£m
1	Cash in hand and balances with the Bank of England	1,360.2	1,360.2	1,360.2	-	-	-	-
2	Loans and advances to credit institutions ²	353.3	314.2	49.7	264.5	-	-	-
3	Debt securities	4,269.4	4,269.4	3,650.4	-	619.0	-	-
4	Derivative financial instruments	350.8	350.8	-	350.8	-	-	-
5	Loans and advances to customers held at amortised cost	33,378.9	33,399.4	33,399.4	-	-	-	-
6	Loans and advances to customers held at FVTPL	0.8	0.8	0.8	-	-	-	-
7	Equity release portfolio held at FVTPL	263.1	263.1	263.1	-	-	-	-
8	Assets held for sale	3.7	3.7	3.7	-	-	-	-
9	Current tax asset	0.2	2.1	2.1	-	-	-	-
10	Investments in subsidiary undertakings and joint ventures ³	13.1	213.5	213.5	-	-	-	-
11	Property, plant and equipment	77.1	43.7	43.7	-	-	-	-
12	Right-of-use assets	107.0	13.4	13.4	-	-	-	-
13	Deferred tax asset	0.4	5.6	5.6	-	-	-	-
14	Other assets	177.7	28.3	28.3	-	-	-	-
15	Intangible assets	377.6	12.8	-	-	-	-	12.8
16	Loan to defined benefit pension scheme held at FVTPL	10.9	10.9	10.9	-	-	-	-
17	Retirement benefit surplus	-	-	-	-	-	-	-
18	Total assets	40,744.2	40,291.9	39,044.8	615.3	619.0	-	12.8

Notes

- Differences between columns (a) and (b) are explained in template UK LIA on page 23, point (a).
- To better align with guidance, collateral of £264.5m has been reported under the counterparty credit risk framework.
- The balance comprises £202.6m relating to investments in subsidiaries, the remaining £10.9m relates to receivables due from group companies.

UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories
 (continued)

31 December 2025		a	b	c				d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items					Not subject to own funds requirements or subject to deduction from own funds		
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	£m			
Breakdown by liability class according to the balance sheet in the published financial statements		£m	£m	£m	£m	£m	£m	£m	£m		
1	Shares	30,526.3	30,526.3	-	-	-	-	-	30,526.3		
2	Amounts owed to credit institutions	327.2	327.2	-	-	-	-	-	327.2		
3	Amounts owed to other customers	2,719.6	2,800.6	-	-	-	-	-	2,800.6		
4	Debt securities in issue	3,361.9	3,361.9	-	-	-	-	-	3,361.9		
5	Derivative financial instruments	186.2	186.2	-	186.2	-	-	-	-		
6	Current tax liability	2.3	2.2	-	-	-	-	-	2.2		
7	Lease liabilities	110.3	14.2	-	-	-	-	-	14.2		
8	Other liabilities	109.3	13.7	-	-	-	-	-	13.7		
9	Accruals and deferred income	124.7	36.0	-	-	-	-	-	36.0		
10	Provisions for liabilities	32.6	5.1	-	-	-	-	-	5.1		
11	Deferred tax liability	0.6	-	-	-	-	-	-	-		
12	Retirement benefit obligations	7.4	1.2	-	-	-	-	-	1.2		
13	Subordinated liabilities	356.0	356.0	-	-	-	-	-	356.0		
14	Subscribed capital	15.2	15.2	-	-	-	-	-	15.2		
15	Total liabilities	37,879.6	37,645.8	-	186.2	-	-	-	37,459.6		

Note

- Differences between columns (a) and (b) are explained in template UK LIA on page 23, point (a).

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories
(continued)

31 December 2024		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
Breakdown by asset class according to the balance sheet in the published financial statements		£m	£m	£m	£m	£m	£m	£m
1	Cash in hand and balances with the Bank of England	1,930.6	1,930.6	1,930.6	-	-	-	-
2	Loans and advances to credit institutions ¹	414.6	381.9	91.4	290.5	-	-	-
3	Debt securities	4,349.6	4,349.6	3,729.7	-	619.9	-	-
4	Derivative financial instruments	752.1	752.1	-	752.1	-	-	-
5	Loans and advances to customers held at amortised cost	30,601.1	30,620.7	30,620.7	-	-	-	-
6	Loans and advances to customers held at FVTPL	0.9	0.9	0.9	-	-	-	-
7	Equity release portfolio held at FVTPL	277.2	277.2	277.2	-	-	-	-
8	Current tax asset	3.0	-	-	-	-	-	-
9	Investments in subsidiary undertakings and joint ventures	11.2	211.2	211.2	-	-	-	-
10	Property, plant and equipment	80.9	44.0	44.0	-	-	-	-
11	Right-of-use assets	90.4	10.9	10.9	-	-	-	-
12	Deferred tax asset	6.3	2.0	2.0	-	-	-	-
13	Other assets	181.2	24.1	24.1	-	-	-	-
14	Intangible assets	311.4	10.8	-	-	-	-	10.8
15	Retirement benefit surplus	4.8	4.8	-	-	-	-	4.8
16	Total assets	39,015.3	38,620.8	36,942.7	1,042.6	619.9	-	15.6

Notes

- To better align with guidance, collateral of £290.5m included in the credit risk framework in the published disclosures as at 31 December 2024, has been reclassified under the counterparty credit risk framework.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (continued)

31 December 2024	a	b	c					g	
			Carrying values as reported in published financial statements	Carrying values under scope of regulatory consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
					Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework		
Breakdown by liability class according to the balance sheet in the published financial statements	£m	£m	£m	£m	£m	£m	£m		
1 Shares	28,268.5	28,268.5	-	-	-	-	28,268.5		
2 Amounts owed to credit institutions	1,599.6	1,599.6	-	-	-	-	1,599.6		
3 Amounts owed to other customers	2,751.1	2,834.5	-	-	-	-	2,834.5		
4 Debt securities in issue	2,435.3	2,435.3	-	-	-	-	2,435.3		
5 Derivative financial instruments	225.1	225.1	-	225.1	-	-	-		
6 Current tax liability	2.7	5.5	-	-	-	-	5.5		
7 Lease liabilities	92.1	11.5	-	-	-	-	11.5		
8 Other liabilities	86.6	16.7	-	-	-	-	16.7		
9 Accruals and deferred income	114.7	32.0	-	-	-	-	32.0		
10 Provisions for liabilities	31.8	5.4	-	-	-	-	5.4		
11 Deferred tax liability	-	-	-	-	-	-	-		
12 Retirement benefit obligations	8.6	-	-	-	-	-	-		
13 Subordinated liabilities	690.2	690.2	-	-	-	-	690.2		
14 Subscribed capital	41.6	41.6	-	-	-	-	41.6		
15 Total liabilities	36,347.9	36,165.9	-	225.1	-	-	35,940.8		

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

4.2 UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements

31 December 2025		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
		£m	£m	£m	£m	£m
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	40,279.1	39,044.9	619.0	615.2	-
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	186.2	-	-	186.2	-
3	Total net amount under the regulatory scope of consolidation	40,092.9	39,044.9	619.0	429.0	-
4	Off-balance-sheet amounts	2,292.8	2,292.8	-	-	
5	<i>Differences in valuations</i>	(4.6)	(3.9)	(0.6)	(0.1)	
6	<i>Differences due to different netting rules, other than those already included in row 2</i>	-	-	-	-	
7	<i>Differences due to consideration of provisions</i>	20.6	20.6	-	-	
8	<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(0.2)	(0.2)	-	-	
9	<i>Differences due to credit conversion factors</i>	(440.3)	(440.3)	-	-	
11	<i>Other differences</i>	87.7	-	-	87.7	
12	Exposure amounts considered for regulatory purposes	42,048.9	40,913.9	618.4	516.6	-

Note

- Differences between regulatory exposure amounts and carrying values in financial statements are explained in template UK LIA on page 23, point (b).

UK LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements (continued)

31 December 2024		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
		£m	£m	£m	£m	£m
1	Assets carrying value amount under the scope of regulatory consolidation (as per template LI1)	38,605.2	36,942.7	619.9	1,042.6	-
2	Liabilities carrying value amount under the regulatory scope of consolidation (as per template LI1)	225.1	-	-	225.1	-
3	Total net amount under the regulatory scope of consolidation	38,380.1	36,942.7	619.9	817.5	-
4	Off-balance-sheet amounts	1,966.5	1,966.5	-	-	
5	<i>Differences in valuations</i>	(4.7)	(4.0)	(0.7)	-	
6	<i>Differences due to different netting rules, other than those already included in row 2</i>	-	-	-	-	
7	<i>Differences due to consideration of provisions</i>	12.5	12.5	-	-	
8	<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(0.6)	(0.6)	-	-	
9	<i>Differences due to credit conversion factors</i>	(379.2)	(379.2)	-	-	
11	<i>Other differences</i>	(35.1)	275.5	-	(310.6)	
12	Exposure amounts considered for regulatory purposes	39,939.5	38,813.4	619.2	506.9	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

4.3 UK LI3 – Outline of the differences in the scopes of consolidation (entity by entity)

The template below outlines the differences in the scope of consolidation by entity as at 31 December 2025.

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
Amber Homeloans Limited	Full consolidation				X		Former lending body
Connells Limited and subsidiary undertakings	Full consolidation				X		Estate agency and related businesses
Darrowby No. 5 plc	Full consolidation				X		Funding vehicle
Darrowby No. 6 plc	Full consolidation	X					Funding vehicle
Jade Software Corporation Limited and subsidiary undertakings	Full consolidation				X		Provider of software development services
North Yorkshire Mortgages Limited	Full consolidation				X		Former lending body
Skipton Building Society	Full consolidation	X					Credit Institution
Skipton Business Finance Limited	Full consolidation	X					Provider of debt factoring services
Skipton Covered Bonds Limited Liability Partnership	Full consolidation	X					Mortgage acquisition and guarantor of covered bonds
Skipton Financial Services Limited	Full consolidation				X		Financial adviser
Skipton Group Holdings Limited (SGHL)	Full consolidation	X					Intermediate holding company
Skipton International Limited (SIL)	Full consolidation	X					Offshore deposit taker and lender
Skipton Investments Limited	Full consolidation	X					Intermediate holding company
Skipton Trustees Limited	Full consolidation				X		Estate administration services

Notes

- SIL is based in Guernsey and is regulated by the Guernsey Financial Services Commission (GFSC).
- The following entities have been dissolved during the year and are excluded from consolidation: Bailey Computer Services Limited (Dissolved: 9 July 2025), Skipton Mortgage Corporation Limited (Dissolved: 7 July 2025), and Skipton Mortgages Limited (Dissolved: 1 November 2025).
- On 1 January 2025, Jade Software Corporation Limited acquired Northwest Investments NZ Limited, which is now held indirectly through the Group's investment in Jade Software Corporation Limited.

4.4 UK LIA – Explanations of differences between accounting and regulatory exposure amounts

a) Differences between columns (a) and (b) in template UK LI1 (Article 436(b) CRR)

The following entities are included in the accounting group but are specifically excluded from the Group prudential consolidation on the basis that they are either not a financial institution in accordance with Article 4 of the UK CRR, or they do not meet the own funds criteria set out in Article 19 of the UK CRR:

- Amber Homeloans Limited;
- Connells Limited and subsidiary undertakings;
- Darrowby No. 5 plc;
- Jade Software Corporation Limited and subsidiary undertakings;
- North Yorkshire Mortgages Limited;
- Skipton Financial Services Limited; and
- Skipton Trustees Limited.

The above entities are neither consolidated nor deducted from own funds; instead, capital is held for the associated cost of investment in accordance with Article 89 of the UK CRR.

b) Information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template UK LI2 (Article 436(b) CRR)

The balances within the Group's Annual Report and Accounts 2025 are prepared in line with IFRS, whilst the balances within the Pillar 3 disclosures are prepared in line with the UK CRR. This results in some differences between the two documents.

The amounts considered for regulatory purposes shown in template UK LI2 differ to the accounting carrying values under the regulatory scope of consolidation for the following key reasons:

- Off-balance sheet amounts are included in line with Article 111 of the UK CRR, as shown in row 4. These relate primarily to credit commitments for mortgages not yet drawn down and undrawn credit facilities with subsidiary companies within the prudential group, and are reduced by applicable credit conversion factors as shown in row 9;
- Additional valuation adjustments (AVA) for prudent valuation are shown in row 5. The Group utilises the Simplified approach to calculate prudent valuation adjustments which is 0.1% of the sum of the absolute value of fair-valued assets and liabilities;
- Exposures for retail mortgages measured under the IRB approach are not adjusted for accounting loan impairment in accordance with Article 166 of the UK CRR. The accounting loan impairment is added back in row 7 and is included in the calculation of the regulatory exposure;
- Guarantees provided under the UK Government Bounce Back Loan Programme (BBLs) are shown in row 8; and
- Other differences shown in row 11 are specific regulatory capital adjustments relating to the alignment of balance sheet exposures to the regulatory exposures. These adjustments are related to the loss attributable to effective hedge accounting on residential mortgages and the potential future credit exposure add-ons for derivative financial instruments under SA-CCR. Also included in row 11 are certain corporate exposures such as derivative transactions which are shown as gross in the financial statements but are subject to collateral netting arrangements for regulatory purposes.

4.5 UK LIB – Other qualitative information on the scope of application

a) Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group (Article 436(f) CRR)

In order to ensure the greatest degree of flexibility in the allocation of capital, the Board aims to retain the optimal level of capital in the Group. This general principle is subject to a number of regulatory, taxation and commercial considerations which are taken into account before decisions regarding dividend payments from Group entities are finalised. The Board considers that there are no current or foreseeable material, practical or legal impediments to the prompt repayment of liabilities between the Society's subsidiary undertakings within the Group. Prior consent is required from the GFSC before any capital can be repatriated or dividends paid by SIL to the Society as the parent entity.

b) Subsidiaries not included in the consolidation with own funds less than required (Article 436(g) CRR)

In accordance with Article 19(1) of the UK CRR, from August 2025, certain subsidiaries have been excluded from the Group prudential consolidation because their total assets and off-balance sheet items, individually or in aggregate, are less than the lower of €10 million or 1% of the total assets and off-balance sheet items of the parent undertaking.

The following subsidiaries have been excluded:

- Amber Homeloans Limited;
- Darrowby No. 5 plc;
- North Yorkshire Mortgages Limited; and
- Skipton Financial Services Limited.

c) Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR (Article 436(h) CRR)

The Group complies with the obligations set out in Article 6 of the UK CRR on an individual basis which comprises the Society only and does not use the derogation referred to in Article 7 or the individual consolidation method in Article 9.

d) Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation (Article 436(g) CRR)

Subsidiaries excluded from the scope of consolidation are individually compliant with applicable prudential requirements. Therefore, the aggregate amount by which actual own funds are less than required is £0.

4.6 UK PV1 – Prudent valuation adjustments (PVA)

Template UK PV1 has not been presented as it is only applicable for institutions applying the Core approach to determine AVA for prudent valuation. The Group utilises the Simplified approach.

5 Own funds

The templates in this section show the composition of regulatory capital and how the values reconcile from the Group balance sheet to the Group's regulatory capital position as at 31 December 2025. Column 'b' below contains references to column 'c' in template UK CC2. Rows in which there is no data to report, zero values or rows not applicable in the UK, have not been presented.

5.1 UK CC1 – Composition of regulatory own funds

	a	b	a
	Amounts 31 Dec 25 £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts 30 Jun 25 £m
Common Equity Tier 1 (CET1) capital: instruments and reserves			
2 Retained earnings ¹	2,448.7	(c)	2,450.3
3 Accumulated other comprehensive income (and other reserves)	(9.6)	(d) +(e) + (g) + (h) + (i)	(11.8)
UK-5a Independently reviewed interim profits net of any foreseeable charge or dividend	207.0	(f) ¹	96.3
6 Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,646.1		2,534.8
Common Equity Tier 1 (CET1) capital: regulatory adjustments			
7 Additional value adjustments (negative amount)	(4.6)		(4.8)
8 Intangible assets (net of related tax liability) (negative amount)	(12.8)	(a)	(12.2)
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(9.8)	(h)	(9.3)
12 Negative amounts resulting from the calculation of expected loss amounts	(43.9)		(42.8)
28 Total regulatory adjustments to Common Equity Tier 1 (CET1)	(71.1)		(69.1)
29 Common Equity Tier 1 (CET1) capital	2,575.0		2,465.7
Additional Tier 1 (AT1) capital: regulatory adjustments			
45 Tier 1 capital (T1 = CET1 + AT1)	2,575.0		2,465.7
Tier 2 (T2) capital: instruments			
46 Capital instruments and the related share premium accounts ²	15.0	(b)	40.0
51 Tier 2 (T2) capital before regulatory adjustments	15.0		40.0
Tier 2 (T2) capital: regulatory adjustments			
58 Tier 2 (T2) capital	15.0		40.0
59 Total capital (TC = T1 + T2)	2,590.0		2,505.7
60 Total Risk exposure amount	9,141.4		8,559.3
Capital ratios and buffers			
61 Common Equity Tier 1 (as a percentage of total risk exposure amount) (%)	28.2		28.8
62 Tier 1 (as a percentage of total risk exposure amount)(%)	28.2		28.8

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

	a	b	a
	Amounts 31 Dec 25 £m	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation	Amounts 30 Jun 25 £m
63 Total capital (as a percentage of total risk exposure amount)(%)	28.3		29.3
64 Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount) (%)	10.3		10.0
65 of which: capital conservation buffer requirement (%)	2.5		2.5
66 of which: countercyclical buffer requirement (%)	1.8		1.8
68 Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount) (%)	17.8		19.3
Amounts below the thresholds for deduction (before risk weighting)			
75 Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	9.4		8.7
Applicable caps on the inclusion of provisions in Tier 2			
77 Cap on inclusion of credit risk adjustments in T2 under standardised approach	18.1		18.1
79 Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	40.0		36.8

Notes

1. Retained earnings includes the general reserve and excludes amounts defined as other comprehensive income and independently reviewed interim profits which are included in row 3 and row UK-5a, respectively. The movement in retained earnings since June 2025 was due to certain subsidiaries being excluded from the Group prudential consolidation on the basis of immateriality. Further details are set out in paragraph b) UK LIB.
2. Comprises Permanent Interest Bearing Shares (PIBS) eligible as Tier 2 capital. In December 2025, the Society took the opportunity to simplify its balance sheet, by way of a liability management exercise to buy back £25.0m 12.875% legacy Tier 2 eligible PIBS.

5.2 UK CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

31 December 2025		a	b	c
		Balance sheet as in published financial statements £m	Under regulatory scope of consolidation £m	Reference
Assets - Breakdown by asset class according to the balance sheet in the published financial statements				
1	Cash in hand and balances with the Bank of England	1,360.2	1,360.2	
2	Loans and advances to credit institutions	353.3	314.2	
3	Debt securities	4,269.4	4,269.4	
4	Derivative financial instruments	350.8	350.8	
5	Loans and advances to customers held at amortised cost	33,378.9	33,399.4	
6	Loans and advances to customers held at FVTPL	0.8	0.8	
7	Equity release portfolio held at FVTPL	263.1	263.1	
8	Current tax asset	0.2	2.1	
9	Investments in subsidiary undertakings and joint ventures	13.1	213.5	
10	Assets held for sale	3.7	3.7	
11	Property, plant and equipment	77.1	43.7	
12	Right-of-use assets	107.0	13.4	
13	Deferred tax assets	0.4	5.6	
14	Other assets	177.7	28.3	
15	Intangible assets	377.6	12.8	(a)
16	Loan to pension scheme held at FVTPL	10.9	10.9	
17	Retirement benefit surplus	-	-	
18	Total assets	40,744.2	40,291.9	
Liabilities - Breakdown by liability class according to the balance sheet in the published financial statements				
1	Shares	30,526.3	30,526.3	
2	Amounts owed to credit institutions	327.2	327.2	
3	Amounts owed to other customers	2,719.6	2,800.6	
4	Debt securities in issue	3,361.9	3,361.9	
5	Derivative financial instruments	186.2	186.2	
6	Current tax liability	2.3	2.2	
7	Lease liabilities	110.3	14.2	
8	Other liabilities	109.3	13.7	
9	Accruals and deferred income	124.7	36.0	
10	Provisions for liabilities	32.6	5.1	
11	Deferred tax liability	0.6	-	
12	Retirement benefit obligations	7.4	1.2	
13	Subordinated liabilities	356.0	356.0	
14	Subscribed capital	15.2	15.2	
	<i>of which: Permanent interest bearing shares</i>	15.0	15.0	(b)
	<i>of which: Accrued Interest - Subscribed capital</i>	0.2	0.2	
15	Total liabilities	37,879.6	37,645.8	
Members' interests				
1	General reserve	2,855.1	2,643.0	
	<i>of which: General reserve brought forward</i>	2,659.9	2,448.7	(c)
	<i>of which: Remeasurement gains on defined benefit obligation</i>	(18.5)	(17.6)	(d)
	<i>of which: Tax</i>	5.1	4.9	(e)
	<i>of which: Profits accrued in the year to date</i>	208.6	207.0	(f)
2	Fair value reserve	(6.3)	(6.3)	(g)
3	Cash flow hedging reserve	9.8	9.8	(h)
4	Cost of hedging reserve	(0.4)	(0.4)	(i)
5	Translation reserve	2.8	-	
6	Attributable to members of Skipton Building Society	2,861.0	2,646.1	
7	Non-controlling interests	3.6	-	
8	Total members' interests	2,864.6	2,646.1	
9	Total liabilities and members' interests	40,744.2	40,291.9	

5.3 UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments

In December, the Society completed a liability management exercise to buy back £25.0m 12.875% legacy Tier 2 eligible PIBS, resulting in a one-off £27.9m charge, but delivering ongoing interest savings of £3.2m per annum in perpetuity. The Group maintained strong capital headroom over its Minimum Requirement for Own Funds and Eligible Liabilities (MREL), enabling £350.0m of non-preferred debt to settle at maturity during October 2025.

31 December 2025		a
		Qualitative or quantitative information
1	Issuer	Skipton Building Society ¹
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GB0004440623
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
<i>Regulatory treatment</i>		
4	Current treatment taking into account, where applicable, transitional CRR rules	Tier 2
5	Post-transitional CRR rules	Tier 2
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	PIBS
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	£15,000,000
9	Nominal amount of instrument	£15,000,000
UK-9a	Issue price	100.000
UK-9b	Redemption price	100.000
10	Accounting classification	Liability - amortised cost
11	Original date of issuance	26 April 2000
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	No Issuer Call
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	8.500%
19	Existence of a dividend stopper	Yes ²
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Non-contractual, statutory via bail-in
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
UK-34b	Ranking of the instrument in normal insolvency proceedings	Tier 2
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Non-Preferred
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Web link

Notes

- In April 2000, the Scarborough Building Society issued £15.0m of PIBS, comprising 6,000 individual shares and each one had a nominal value of £2,500. These were assumed by the Society in 2009 following the merger with Scarborough Building Society.
- These are not typical dividend stoppers since, if the Society has cancelled a payment on a more senior ranking instrument (i.e. a deposit or share investment other than a deferred share investment), it cannot pay on any of these PIBS.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CCA – Main features of regulatory own funds instruments and eligible liabilities instruments
(continued)

31 December 2025		a
		Qualitative or quantitative information
1	Issuer	Skipton Building Society
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2600822998
2a	Public or private placement	Public
3	Governing law(s) of the instrument	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes
<i>Regulatory treatment</i>		
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A
5	Post-transitional CRR rules	Eligible liabilities
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo & (Sub-)Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Senior Non-Preferred
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	£350,000,000
9	Nominal amount of instrument	£350,000,000
UK-9a	Issue price	99.607
UK-9b	Redemption price	100.000
10	Accounting classification	Liability – amortised cost
11	Original date of issuance	25 April 2023
12	Perpetual or dated	Dated
13	Original maturity date	25 April 2029
14	Issuer call subject to prior supervisory approval	Yes
15	Optional call date, contingent call dates and redemption amount	25 April 2028 no contingent call dates and redemption amount in full at par
16	Subsequent call dates, if applicable	N/A
<i>Coupons / dividends</i>		
17	Fixed or floating dividend/coupon	Fixed
18	Coupon rate and any related index	6.250%
19	Existence of a dividend stopper	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Mandatory
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Non-cumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	Yes
31	If write-down, write-down trigger(s)	Contractual recognition of statutory bail-in
32	If write-down, full or partial	Fully or Partially
33	If write-down, permanent or temporary	Permanent
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Senior Non-Preferred
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Senior Preferred
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Web link

6 Countercyclical capital buffer

Under the CRD V, institutions are required to hold a combined buffer requirement comprising a Capital Conservation Buffer (CCoB) and a Countercyclical Buffer (CCyB) to provide capital that can be utilised to absorb losses in stressed conditions. As at 31 December 2025, the CCoB was 2.5% of RWAs and the CCyB rate was 2.0% of RWAs for exposures in the UK. The Group's specific CCyB was 1.8% of RWAs (31 December 2024: 1.8%) calculated based on the weighted average of the buffer rates in effect for the countries in which the Group has relevant credit exposures.

The template below shows the country of residence of the obligor (borrower) for the Group general credit exposures and securitisation exposures. The diversification of countries in the template below is primarily due to SIL providing mortgages to expatriates and non-UK citizens. The Group does not offer mortgages on properties outside of the UK or Channel Islands.

6.1 UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

31 December 2025		a		b		c		d		e		f		g		h		i		j		k		l		m	
		General credit exposures		Relevant credit exposures - Market risk		Sum of long and short position of trading book exposures for SA		Value of trading book exposure for internal models		Securitisation exposures Exposure value for non-trading book		Total exposure value		Own fund requirements				Risk-weighted exposure amounts		Own funds requirements weights		Countercyclical buffer rate					
		Exposure value under the standardised approach	Exposure value under the IRB approach	Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk									Relevant credit exposures – Securitisation positions in the non-trading book	Total												
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	%	%		
Breakdown by Country																											
010-010	United Kingdom	1,629.7	33,249.6	-	-	618.4	35,497.7	581.2	-	4.9	586.2	7,326.2	90.2	2.0													
010-011	Jersey	474.6	0.5	-	-	-	475.1	13.6	-	-	13.6	169.8	2.1	-													
010-012	Hong Kong	325.3	1.0	-	-	-	326.3	9.3	-	-	9.3	116.7	1.5	0.5													
010-013	Guernsey	278.5	6.7	-	-	-	285.2	8.8	-	-	8.8	109.7	1.4	-													
010-014	France	25.8	1.8	-	-	-	27.6	0.8	-	-	0.8	10.1	0.1	1.0													
010-015	Germany	19.7	1.4	-	-	-	21.1	0.6	-	-	0.6	7.3	0.1	0.8													
010-016	Spain	18.9	1.5	-	-	-	20.4	0.6	-	-	0.6	7.3	0.1	0.5													
010-017	Ireland	18.3	1.8	-	-	-	20.1	0.6	-	-	0.6	7.0	0.1	1.5													
010-018	Netherlands	17.9	1.0	-	-	-	18.9	0.5	-	-	0.5	6.6	0.1	2.0													
010-019	Australia	6.5	7.7	-	-	-	14.2	0.4	-	-	0.4	4.7	0.1	1.0													
010-020	Denmark	5.6	0.4	-	-	-	6.0	0.2	-	-	0.2	2.1	-	2.5													
010-021	Luxembourg	3.7	0.4	-	-	-	4.1	0.1	-	-	0.1	1.5	-	0.5													
010-022	Cyprus	3.8	0.2	-	-	-	4.0	0.1	-	-	0.1	1.5	-	1.0													

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

31 December 2025		a	b	c		d	e	f	g			h	i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk		Sum of long and short position of trading book exposures for SA	Value of trading book exposure for internal models	Securitisation exposures Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate	
		Exposure value under the standardised approach	Exposure value under the IRB approach	Relevant credit exposure - Credit risk	Relevant credit exposure - Market risk					Relevant credit exposures – Securitisation positions in the non-trading book	Total						
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%			
010-023	Belgium	3.7	0.2	-	-	-	3.9	0.1	-	-	-	0.1	1.3	-	1.0		
010-024	Poland	2.6	1.3	-	-	-	3.9	-	-	-	-	1.3	-	1.0			
010-025	Norway	3.4	0.1	-	-	-	3.5	-	-	-	-	1.3	-	2.5			
010-026	Sweden	2.0	0.5	-	-	-	2.5	-	-	-	-	0.8	-	2.0			
010-027	Republic Of Korea	1.9	0.3	-	-	-	2.2	0.1	-	-	0.1	0.7	-	1.0			
010-028	Czech Republic	1.9	0.1	-	-	-	2.0	0.1	-	-	0.1	0.7	-	1.3			
010-029	Chile	0.8	-	-	-	-	0.8	-	-	-	-	0.3	-	0.5			
010-030	Hungary	0.5	0.2	-	-	-	0.7	-	-	-	-	0.2	-	1.0			
010-031	Iceland	0.6	-	-	-	-	0.6	-	-	-	-	0.2	-	2.5			
010-032	Croatia	-	0.5	-	-	-	0.5	-	-	-	-	0.1	-	1.5			
010-033	Bulgaria	0.2	-	-	-	-	0.2	0.1	-	-	0.1	0.1	-	2.0			
010-034	Romania	0.1	-	-	-	-	0.1	-	-	-	-	0.1	-	1.0			
010-035	Lithuania	0.1	-	-	-	-	0.1	-	-	-	-	-	-	1.0			
010-036	Other countries	833.9	30.4	-	-	-	864.3	27.8	-	-	27.8	347.1	-	-			
020	Total	3,680.0	33,307.6	-	-	618.4	37,606.0	645.0	-	4.9	650.0	8,124.7	95.8	-			

Note

- For materiality reasons, only those countries where a countercyclical buffer rate has been set or which individually have an own funds requirement weighting of equal to or more than one percent are listed. Exposures in countries where these criteria are not met have been presented in aggregate as 'other countries'.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer *(continued)*

30 June 2025		a	b	c		d	e	f	g	h			i	j	k	l	m
		General credit exposures		Relevant credit exposures - Market risk				Securitisation exposures Exposure value for non-trading book	Total exposure value	Relevant credit exposure - Credit risk	Own fund requirements			Total	Risk-weighted exposure amounts	Own funds requirements weights	Countercyclical buffer rate
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short position of trading book exposures for SA	Value of trading book exposure for internal models	Relevant credit exposure - Market risk	Relevant credit exposures – Securitisation positions in the non-trading book										
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	%	%	
Breakdown by Country																	
010-010	United Kingdom	1,639.4	31,960.5	-	-	642.2	34,242.0	541.9	-	5.1	547.0	6,838.1	90.1	2.0			
010-011	Jersey	487.3	0.5	-	-	-	487.8	13.8	-	-	13.8	173.0	2.3	-			
010-012	Guernsey	296.6	7.0	-	-	-	303.6	9.7	-	-	9.7	121.0	1.6	-			
010-013	Hong Kong	320.6	1.3	-	-	-	321.9	9.1	-	-	9.1	114.3	1.5	0.5			
010-014	France	24.2	2.7	-	-	-	26.9	0.8	-	-	0.8	9.5	0.1	1.0			
010-015	Germany	19.8	1.5	-	-	-	21.4	0.6	-	-	0.6	7.3	0.1	0.8			
010-016	Ireland	18.2	2.3	-	-	-	20.4	0.6	-	-	0.6	7.3	0.1	1.5			
010-017	Netherlands	18.6	1.0	-	-	-	19.6	0.6	-	-	0.6	6.9	0.1	2.0			
010-018	Australia	6.2	7.6	-	-	-	13.8	0.4	-	-	0.4	5.2	0.1	1.0			
010-019	Denmark	5.8	0.1	-	-	-	5.9	0.2	-	-	0.2	2.1	0.0	2.5			
010-020	Cyprus	3.8	0.2	-	-	-	4.0	0.1	-	-	0.1	1.6	0.0	1.0			
010-021	Belgium	3.7	0.4	-	-	-	4.1	0.1	-	-	0.1	1.4	0.0	1.0			
010-022	Sweden	3.2	0.7	-	-	-	3.9	0.1	-	-	0.1	1.3	0.0	2.0			
010-023	Luxembourg	3.5	0.4	-	-	-	3.8	0.1	-	-	0.1	1.3	0.0	0.5			
010-024	Norway	3.1	0.1	-	-	-	3.2	0.1	-	-	0.1	1.1	0.0	2.5			
010-025	Republic of Korea	2.0	0.3	-	-	-	2.3	0.1	-	-	0.1	0.8	0.0	1.0			
010-026	Czech Republic	1.9	0.1	-	-	-	2.0	0.1	-	-	0.1	0.7	0.0	1.3			
010-027	Chile	0.8	-	-	-	-	0.8	0.0	-	-	0.0	0.3	0.0	0.5			
010-028	Iceland	0.7	-	-	-	-	0.7	0.0	-	-	0.0	0.2	0.0	2.5			
010-029	Croatia	-	0.5	-	-	-	0.5	0.0	-	-	0.0	0.1	0.0	1.5			
010-030	Bulgaria	0.2	0.2	-	-	-	0.4	0.0	-	-	0.0	0.1	0.0	2.0			
010-031	Romania	0.1	0.2	-	-	-	0.3	0.0	-	-	0.0	0.3	0.0	1.0			
010-032	Other countries	809.9	24.1	-	-	-	834.0	23.7	-	-	23.7	296.6	3.9	0.0			
020	Total	3,669.7	32,011.4	-	-	642.2	36,323.2	602.1	-	5.1	607.2	7,590.4	100.0				

6.2 UK CCyB2 – Amount of institution-specific countercyclical capital buffer

During the period, the CCyB rate remained at 2% of RWAs for exposures in the UK. The institution specific CCyB reflects the weighted average of countercyclical buffer rates applicable to the jurisdictions in which the Group has relevant credit exposures.

		a	a
		31 Dec 25	30 Jun 25
1	Total risk exposure amount £m	9,141.4	8,559.3
2	Institution specific countercyclical capital buffer rate %	1.8	1.8
3	Institution specific countercyclical capital buffer requirement £m	166.4	155.8

7 Leverage ratio

The templates below set out a reconciliation between the total assets of the published financial statements and the leverage exposure measure.

7.1 UK LR1 – LRSum: summary reconciliation of accounting assets and leverage ratio exposures

		a	a
		Applicable amount	
		31 Dec 25	30 Jun 25
		£m	£m
1	Total assets as per published financial statements	40,744.2	39,833.1
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	(452.3)	(480.6)
4	(Adjustment for exemption of exposures to central banks)	(2,105.6)	(1,711.8)
7	Adjustment for eligible cash pooling transactions	-	26.7
8	Adjustment for derivative financial instruments	133.7	(3.0)
9	Adjustment for securities financing transactions (SFTs)	32.7	7.4
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	455.5	224.6
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced tier 1 capital (leverage)) ¹	(71.1)	(69.1)
12	Other adjustments ²	(259.9)	(257.3)
13	Total exposure measure	38,477.2	37,570.0

Notes

1. These adjustments primarily relate to excess expected loss over impairment provisions, cash flow hedging reserve, intangible assets, and additional value adjustments (AVA).
2. Other adjustments in row 12 primarily relate to the collateral netting provided for derivative transactions in accordance with regulatory requirements.

7.2 UK LR2 – LRCom: Leverage ratio common disclosure

The template below sets out a breakdown of the total leverage exposure measure used to calculate the leverage ratio for the Group pursuant to the UK CRR.

		a	b
		Leverage ratio exposures	
		31 Dec 25 £m	30 Jun 25 £m
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	39,945.7	38,908.3
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(264.5)	(266.1)
6	(Asset amounts deducted in determining tier 1 capital (leverage))	(71.1)	(69.1)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	39,610.1	38,573.1
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	397.0	388.3
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	87.5	88.4
13	Total derivatives exposures	484.5	476.7
Securities financing transaction (SFT) exposures			
16	Counterparty credit risk exposure for SFT assets	1.1	6.9
UK-16a	Derogation for SFTs: counterparty credit risk exposure in accordance with Articles 429e(5) and 222 of the CRR	31.6	0.5
18	Total securities financing transaction exposures	32.7	7.4
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	2,292.8	2,218.6
20	(Adjustments for conversion to credit equivalent amounts)	(1,837.3)	(1,994.0)
22	Off-balance sheet exposures	455.5	224.6
Capital and total exposure measure			
23	Tier 1 capital (leverage)	2,575.0	2,465.7
24	Total exposure measure including claims on central banks	40,582.8	39,281.8
UK-24a	(-) Claims on central banks excluded	(2,105.6)	(1,711.8)
UK-24b	Total exposure measure excluding claims on central banks	38,477.2	37,570.0
Leverage ratio ¹			
25	Leverage ratio excluding claims on central banks (%)	6.7	6.6
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	6.7	6.6
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	6.7	6.6
UK-25c	Leverage ratio including claims on central banks (%)	6.4	6.3

Note

- The additional leverage ratio disclosure requirements only apply to financial institutions with deposits equal to or greater than £50bn or non-UK assets equal to or greater than £10bn. The rows UK-26 to UK-34 have been removed from the template as the Group is not currently captured by either threshold.

7.3 UK LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

The template below shows more detail behind the on-balance sheet exposure figures reported in the template UK LR2.

		a	b
		Leverage ratio exposures	
		31 Dec 25	30 Jun 25
		£m	£m
UK-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	39,945.7	38,908.3
UK-2	Trading book exposures	-	-
UK-3	Banking book exposures, of which:	39,945.7	38,908.3
UK-4	Covered bonds	813.5	791.5
UK-5	Exposures treated as sovereigns	4,195.1	4,300.7
UK-6	Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-	-
UK-7	Institutions	326.1	377.8
UK-8	Secured by mortgages of immovable properties	33,228.2	32,132.4
UK-9	Retail exposures	18.9	12.5
UK-10	Corporates	338.1	336.7
UK-11	Exposures in default	104.7	105.6
UK-12	Other exposures (e.g. equity, securitisations, and other non-credit obligation assets)	921.1	851.1

7.4 UK LRA – Disclosure of leverage ratio qualitative information

a) Processes used to manage the risk of excessive leverage

The Group's leverage ratio is a key financial indicator monitored closely by the Board each month. The leverage ratio is projected for the next five years as part of the Corporate Plan. The Corporate Plan is subject to stress tests to ensure the Group is able to operate safely and with sufficient capital and leverage during a severe downturn in the general economy and idiosyncratic Society-specific stress events. It is recognised that such forward planning is essential to the successful management of the Group's leverage and capital ratios. The Board are satisfied that the risk appetite, controls and planning framework will prevent the Group from taking excessive leverage within its balance sheet.

b) Factors that had an impact on the leverage ratio during the period

During the second half of the year, the leverage ratio increased slightly to 6.7% (30 June 2025: 6.6%). This was largely due to the growth of the balance sheet during the period, driven primarily by an increase in mortgage lending.

8 Liquidity requirements

8.1 UK LIQA – Liquidity risk management

a) Strategies and processes in the management of the liquidity risk

Liquidity risk is the risk that the Group is unable to meet its current and future financial obligations as they fall due, or is only able to do so at excessive cost, whilst retaining public and investor confidence. Liquidity and funding risks are managed within a comprehensive risk framework, managed within limits and risk appetites defined within the Treasury Policy.

The Liquidity Policy is designed to ensure the maintenance of sufficient liquid assets, in terms of quality and amount, to cover internal, regulatory, and operational requirements. This is achieved through maintaining a prudent level of liquid assets in realisable form to ensure the Group is able to meet its liabilities as they arise and to absorb potential cash flow requirements created by maturity mismatches within the balance sheet or under a potential stress scenario.

The cash flows are regularly monitored, forecast and stressed and risk limits are defined in the liquidity risk appetite to ensure adequate liquidity is maintained at all times. There are also limits defined with the funding risk appetite to ensure the Society maintains a prudent funding profile, incorporating limits related to the management of asset encumbrance and the Society's maturity profile to reduce associated refinancing risk of retail and wholesale funding.

b) Structure and organisation of the liquidity risk management function

The Board is responsible for approving the Group's liquidity and funding risk appetites and is also responsible for the review, challenge and approval of the ILAAP document.

The Board delegates to the Group Chief Financial Officer (GCFO) the responsibility for ensuring that the Society and Group have adequate liquid and financial resources to meet liabilities as they fall due.

The Board delegates the responsibility to ALCO to develop and maintain policies on liquidity management and to oversee that the liquidity and funding risk appetites and policies are adhered to. The ALCO also monitors the composition of the Group's liquidity in line with the approved strategy and policies. ALCO are supported by the Liquidity Management Committee (LMC), who meet at least fortnightly to review early warning risk indicators, recent cash flows, and business performance relative to expectations along with projections of risk appetite compliance given the latest forecasts.

The day-to-day management of liquidity is delegated to Group Treasury, with oversight and challenge of these activities provided by Group Prudential and Enterprise Risk (second line) and Group Internal Audit (third line).

c) The degree of centralisation of liquidity management and interaction between the group's units

Liquidity risk is actively overseen across the Group, with a strong emphasis on ensuring that the Society and each subsidiary maintain robust, standalone liquidity positions, promoting resilience and minimising reliance on intra-Group support.

The Society, through Group Treasury, acts as the central liquidity manager, balancing cash flow positions across subsidiaries. Subsidiaries are encouraged to place surplus funds with the Society on a wholesale basis aligned to their cash flow needs, while those requiring funding, can access capped working capital facilities approved by the Group Wholesale Credit Committee (GWCC), a sub-committee of the ALCO.

The Society holds liquidity to support these facilities and to cover the risk of deposit repayment placed by subsidiaries.

d) Scope and nature of liquidity risk reporting and measurement systems

The monitoring and forecasting of the Group's position against internal and regulatory liquidity risk metrics is undertaken on a weekly basis, with the capability to monitor the position daily if required.

e) Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

The Group has a range of limits and risk appetite requirements, defined within the Treasury Policy and approved by the Board, to mitigate liquidity and funding risks arising from its business model.

This includes minimum requirements on liquidity and contingent liquidity resources which reflect the potential impact of severe but plausible stress scenarios and the time needed to successfully realise liquidity resources through the invocation of the Group's Recovery Plan. This ensures sufficient pre-positioned eligible assets are maintained at all times with the Bank of England to access funding schemes under the Sterling Monetary Framework, both from a business-as-usual perspective and also under a potential stressed scenario.

There are also limits on the types of assets which Group Treasury can invest in for liquidity purposes, both HQLA which are eligible under the LCR and non-HQLA. The policy also defines a minimum limit of reserves required to be held on call with the Bank of England to ensure the Group can meet its cash flow obligations, including intra-day requirements, in a timely manner. The Group's liquidity comprises a diversified mix of Gilts and Treasury Bills, securities issued by high quality Multilateral Development Banks, Covered Bonds and Residential Mortgage-Backed Securities (RMBS).

f) An outline of the bank's contingency funding plans

The Liquidity Contingency Plan is integrated into the Group's Recovery Plan. The Recovery Plan sets out the management actions available to the Group to raise incremental liquidity and capital, the time horizon over which this could be achieved, and the operational steps needed to execute the actions and associated risks. It also contains the escalation process along with the roles and responsibilities of individuals and sets out how the document links to the liquidity and capital risk frameworks, specifically its risk appetites, and the wider Business Continuity Framework.

The Recovery Plan also sets out the early warning indicators used to identify a potential stress scenario which may threaten the Group's liquidity resources or sources of funding. Scenario analysis is also undertaken as part of the annual update of the Recovery Plan to demonstrate how the invocation of actions defined within the plan recovers liquidity adequacy and risk appetite compliance in a timely manner.

g) An explanation of how stress testing is used

Stress testing is key as it is used to demonstrate the adequacy of current and planned liquidity resources, and also the effectiveness of the Recovery Plan. Weekly stress testing is performed to ensure compliance against risk appetite and additional monthly stress and scenario tests are performed across a wide range of situations to assess the impact of a particular stress scenario occurring.

The ILAAP defines a series of internally developed stress scenarios, which assess the impact of a range of scenarios of differing severities. These scenarios, which measures survival to the Board's minimum risk appetite, include 90-day idiosyncratic, market-wide, and combined stresses. These scenarios, along with the regulatory LCR scenario (30-day horizon), are run on a weekly basis to reflect the latest business forecasts and can be run daily if required, such as if the Group were in a stress.

h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements

The Group's prudent liquidity and funding risk profile, as demonstrated through the internal assessment of liquidity adequacy and stress testing undertaken for the ILAAP, is commensurate for our low risk business model.

The ILAAP outlines the governance framework and the systems and controls used for managing liquidity risk and how we prove to ourselves and the regulator that we hold adequate liquidity for our risks. The Group demonstrates through the ILAAP and its liquidity and funding risk appetites, which are approved annually by the Board, that it satisfies the Overall Liquidity Adequacy Rule (OLAR).

i) A concise liquidity risk statement approved by the management body

The Group's liquidity and funding risk appetites and management framework ensure that sufficient liquidity and contingent resources are maintained at all times to meet current and future obligations, including under stress.

The Group meets the minimum 100% LCR and NSFR requirements, as shown in UK LIQ1 and UK LIQ2. Internal liquidity appetites ensure adequate buffers to support forecast needs and maintain a minimum survival period aligned to Recovery Plan actions and the thresholds required to avoid failure or resolution. Funding composition and tenor are managed with the Board's funding risk appetite, which sets limits to avoid reliance on concentrated or unstable funding sources and to control refinancing risk.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

8.2 UK LIQ1 – Quantitative information of LCR

The template below shows the Group’s breakdown of the components used to calculate the LCR. Percentages may not sum up precisely due to rounding of quarterly averages.

UK 1a	Quarter ending on (DD Month YY)	a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
UK 1b	Number of data points used in the calculation of averages	31 Dec 25	30 Sep 25	30 Jun 25	31 Mar 25	31 Dec 25	30 Sep 25	30 Jun 25	31 Mar 25
		£m	£m	£m	£m	£m	£m	£m	£m
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,702.4	5,906.6	6,012.7	6,102.2
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:								
3	Stable deposits	31,239.6	30,677.7	30,150.0	29,624.6	1,883.2	1,919.3	1,936.9	1,961.3
4	Less stable deposits	17,067.8	16,026.2	15,168.0	14,383.8	853.4	801.3	758.4	719.2
4	Less stable deposits	7,648.1	8,127.3	8,397.2	8,664.2	988.9	1,078.9	1,138.9	1,196.6
5	Unsecured wholesale funding	253.9	278.6	296.6	298.5	196.5	216.6	230.4	227.9
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-	-	-	-	-	-	-
7	Non-operational deposits (all counterparties)	213.2	225.5	237.7	240.9	155.8	163.5	171.5	170.3
8	Unsecured debt	40.7	53.1	58.9	57.6	40.7	53.1	58.9	57.6
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	497.5	510.7	617.6	723.6	497.5	510.7	617.6	723.6
11	Outflows related to derivative exposures and other collateral requirements	406.1	428.1	539.4	649.2	406.1	428.1	539.4	649.2
12	Outflows related to loss of funding on debt products	-	-	-	-	-	-	-	-
13	Credit and liquidity facilities	91.4	82.6	78.2	74.4	91.4	82.6	78.2	74.4
14	Other contractual funding obligations	30.5	27.6	24.6	22.3	-	-	-	-
15	Other contingent funding obligations	1,985.2	1,899.2	1,778.2	1,710.5	694.8	664.7	622.4	598.7
16	TOTAL CASH OUTFLOWS					3,272.0	3,311.3	3,407.3	3,511.5
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	231.5	228.4	224.2	220.2	191.2	188.4	184.5	180.6
19	Other cash inflows	21.2	22.7	67.8	66.4	21.2	22.7	67.8	66.4
20	TOTAL CASH INFLOWS	252.7	251.1	292.0	286.6	212.4	211.1	252.3	247.0
UK-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b	Inflows subject to 90% cap	-	-	-	-	-	-	-	-
UK-20c	Inflows subject to 75% cap	252.7	251.1	292.0	286.6	212.4	211.1	252.3	247.0
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					5,702.4	5,906.6	6,012.7	6,102.2
22	TOTAL NET CASH OUTFLOWS					3,059.6	3,100.2	3,155.0	3,264.5
23	LIQUIDITY COVERAGE RATIO (%)					186.7	190.8	191.0	187.4

8.3 UK LIQB – Qualitative information on LCR, which complements template UK LIQ1

(a) The main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

The LCR, which is prepared in accordance with the PRA Rulebook, aims to ensure that the Group holds sufficient HQLA to survive a period of liquidity stress lasting 30 calendar days.

The Group LCR is driven by the size of the HQLA buffer, stressed retail outflows, mortgages which have been offered but are yet to complete, wholesale funding maturities and potential stressed collateral outflows. Given the Society is predominantly funded by deposits, withdrawals by retail customers continue to be a main factor affecting net outflow LCR.

(b) Explanations on the changes in the LCR over time

Overall, the LCR has reduced slightly in the quarter, with an average of 186.7% as of 31 December 2025 (30 September 2025: 190.8%), with the main reason for the reduction being the repayment of a senior non preferred issuance maturity in the quarter. The Group has seen continued growth in customer deposits which has supported new mortgage lending, including greater commitments to support more customers to own their own homes. These increased mortgage commitments result in higher potential outflows under the LCR calculation.

(c) Explanations on the actual concentration of funding sources

The Group's funding position is predominantly supported by its retail customer deposit base, which has historically provided a highly stable source of funding and aligns with the Society's strategy as a mutual organisation.

The Group also raises both unsecured and secured wholesale funding to diversify funding sources and to support the Group's liquidity position. Sources of funding include deposits, certificates of deposits, medium-term notes, capital, drawings from the Bank of England's Sterling Monetary Framework facilities, repos, covered bonds and Residential Mortgage Backed Securities (RMBS).

Funding concentration by counterparty, currency and tenor is monitored on an ongoing basis as part of the Group's internal liquidity and funding risk management frameworks.

(d) High-level description of the composition of the Group's liquidity buffer

The Group's liquidity buffer consists of Level 1 assets. Level 1 assets are primarily held as central bank reserves, UK government bonds and high-quality supranational debt securities, with a smaller holding of Level 1 eligible extremely high-quality covered bonds. The liquidity buffer also includes a portfolio of Level 2B assets, which are high quality UK issued RMBS.

(e) Derivative exposures and potential collateral calls

The Group actively manages its derivative exposures and potential collateral calls, including both due collateral and excess collateral, with derivative outflows under stress captured under the Historical Look Back Approach which considers the impact of an adverse market scenario on derivatives. Potential collateral calls due to a deterioration in the Society's credit rating are also captured.

(f) Currency mismatch in the LCR

The LCR is calculated on a GBP equivalent basis only as this is the Group's only significant currency.

The currency risk appetite of the Group is low and any wholesale funding issuances denominated in foreign currency are immediately swapped into GBP. Currency risk is monitored through the internal liquidity and funding risk management frameworks.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure

We do not consider anything else of material relevance for disclosure.

8.4 UK LIQ2 – Net Stable Funding Ratio

The template below sets out the NSFR calculated as the average of the latest and the three previous quarters.

31 December 2025		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity £m	< 6 months £m	6 months to < 1yr £m	≥ 1yr £m	
Available stable funding (ASF) Items						
1	Capital items and instruments	2,571.8	-	-	-	2,571.8
2	<i>Own funds</i>	2,571.8	-	-	-	2,571.8
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits	-	27,284.0	2,259.2	1,808.8	29,401.2
5	<i>Stable deposits</i>	-	18,765.1	1,304.5	1,166.4	20,232.5
6	<i>Less stable deposits</i>	-	8,518.9	954.7	642.4	9,168.7
7	Wholesale funding:	-	825.4	525.3	3,372.2	3,832.4
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	825.4	525.3	3,372.2	3,832.4
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	15.4	903.8	-	-	-
12	<i>NSFR derivative liabilities</i>	15.4	-	-	-	-
13	<i>All other liabilities and capital instruments not included in the above categories</i>	-	903.8	-	-	-
14	Total available stable funding (ASF)	-	-	-	-	35,805.4
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	-	-	-	-	215.0
UK-15a	Assets encumbered for more than 12m in cover pool	-	61.1	58.2	3,962.0	3,469.2
16	Deposits held at other financial institutions for operational purposes	-	-	-	-	-
17	Performing loans and securities:	-	330.3	278.6	27,936.3	20,464.6
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>	-	-	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>	-	46.2	-	6.4	11.0
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>	-	9.0	9.6	273.6	227.2
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	0.6	0.9	73.1	48.3
22	<i>Performing residential mortgages, of which:</i>	-	275.1	269.0	27,656.3	20,226.4
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>	-	212.1	207.8	18,778.1	12,587.5
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>	-	-	-	-	-
25	Interdependent assets	-	-	-	-	-
26	Other assets:	283.6	2.0	1.6	1,006.2	1,229.3
27	<i>Physical traded commodities</i>	-	-	-	-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>	-	-	254.5	-	216.4
29	<i>NSFR derivative assets</i>	-	-	1.6	-	1.6
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>	-	-	27.5	-	1.4
31	<i>All other assets not included in the above categories</i>	-	2.0	1.6	1,006.2	1,009.9
32	Off-balance sheet items	-	2,048.4	-	-	489.4
33	Total RSF	-	-	-	-	25,867.5
34	Net Stable Funding Ratio (%)	-	-	-	-	138.4

UK LIQ2 – Net Stable Funding Ratio (*continued*)

30 June 2025		a	b	c	d	e
		Unweighted value by residual maturity (average)				Weighted value (average)
		No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
		£m	£m	£m	£m	£m
Available stable funding (ASF) Items						
1	Capital items and instruments	2,482.2	-	-	-	2,482.2
2	<i>Own funds</i>	2,482.2	-	-	-	2,482.2
3	<i>Other capital instruments</i>	-	-	-	-	-
4	Retail deposits	-	26,325.6	2,170.1	1,758.1	28,307.6
5	<i>Stable deposits</i>	-	16,802.9	1,264.4	1,089.3	18,253.2
6	<i>Less stable deposits</i>	-	9,522.7	905.7	668.8	10,054.4
7	Wholesale funding:	-	702.1	847.6	3,154.4	3,794.8
8	<i>Operational deposits</i>	-	-	-	-	-
9	<i>Other wholesale funding</i>	-	702.1	847.6	3,154.4	3,794.8
10	Interdependent liabilities	-	-	-	-	-
11	Other liabilities:	5.8	928.6	-	-	-
12	<i>NSFR derivative liabilities</i>	5.8	-	-	-	-
13	<i>All other liabilities and capital instruments not included in the above categories</i>	-	928.6	-	-	-
14	Total available stable funding (ASF)					34,584.6
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)					217.8
UK-15a	Assets encumbered for more than 12m in cover pool		54.0	52.2	3,300.4	2,895.7
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		334.7	278.7	27,467.5	20,107.5
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>		-	-	-	-
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		51.5	-	3.7	8.8
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		8.8	9.4	298.1	246.2
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		0.5	0.7	81.4	53.5
22	<i>Performing residential mortgages, of which:</i>		274.4	269.3	27,165.7	19,852.5
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		219.4	215.3	19,294.1	13,081.5
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		-	-	-	-
25	Interdependent assets		-	-	-	-
26	Other assets:	293.2	1.7	1.3	1,057.7	1,288.7
27	<i>Physical traded commodities</i>		-	-	-	-
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>		-	266.7	-	226.7
29	<i>NSFR derivative assets</i>		-	-	-	-
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		-	26.5	-	1.3
31	<i>All other assets not included in the above categories</i>		1.7	1.3	1,057.7	1,060.7
32	Off-balance sheet items		1,861.6	-	-	390.0
33	Total RSF					24,899.7
34	Net Stable Funding Ratio (%)					138.9

9 Credit risk quality

9.1 UK CRA – General qualitative information about credit risk

a) Risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile

The translation of the Group's business model into its credit risk profile is set out in detail in the Notes to the Accounts of the Group's Annual Report and Accounts 2025 on page 249.

b) Strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits points

The Group applies a comprehensive credit risk management framework that integrates quantitative analysis and expert judgment to ensure prudent lending and effective risk control.

Retail mortgage credit decisions use credit scoring, affordability assessments, and lending policy criteria, supported by manual underwriting and model risk management. Exposure concentrations are monitored across sectors, asset classes, and geographies to maintain portfolio diversification. Mortgage lending is subject to loan-to-value limits of 100% for residential, 75% for buy-to-let lending and up to 100% for SIL 'Next Generation' products. Stress testing and scenario analysis, including climate-related risk assessments, are undertaken to evaluate potential impacts on credit exposures.

Arrears management forms an integral part of the credit risk strategy, with early intervention central to its approach. Customers in financial stress are proactively engaged, and forbearance is considered case-by-case, in line with industry standards.

Wholesale credit risk is managed by the Treasury function in line with Board-approved policies and credit risk appetite. Counterparty limits are reviewed monthly, based on financial performance, credit ratings, and market indicators, with exposures monitored for amount and duration. Intra-group counterparty limits are reviewed monthly and any increases require GWCC approval.

Debt factoring risk within Skipton Business Finance Limited (SBF) is managed through due diligence, monitoring, and controls such as concentration limits, credit reference checks, and the use of watchlists. As an accredited British Business Bank lender, SBF offers Growth Guarantee Scheme facilities and a bad debt protection product to further mitigate credit risk.

Policies and limits are defined in line with regulatory requirements, internal risk appetite, using quantitative metrics such as loan-to-value ratios, affordability thresholds, and exposure caps. Limits are reviewed regularly to reflect changes in economic conditions, portfolio performance, and emerging risks, ensuring the Group maintains a prudent and adaptive approach to credit risk management.

The Group has established comprehensive risk management processes and policies to monitor, control, mitigate and manage credit risk in accordance with the Board's credit risk appetite. The Board is provided with monthly updates on the Group's credit risk profile.

c) The structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR

Information on the Group's management of retail and commercial credit exposures is set out on pages 49 and 250 in the Group's Annual Report and Accounts 2025.

The SBF Board is supported in its risk management duties by SBF client facing colleagues, an SBF enterprise risk function and Group Internal Audit. These individuals also attend a number of the Group and Society's Committees such as the Retail Credit Committee (RCC) and ERC. Summary reports are submitted to the Group Board monthly in line with the GRMF of reporting.

d) The relationships between credit risk management, risk control, compliance and internal audit functions point (b) of Article 435(1) CRR

The 'three lines of defence' model (set out in the Group's Annual Report and Accounts 2025 on page 97) has been adopted as the overarching approach to risk management within the Group. The model ensures appropriate responsibility is allocated for the management, reporting, and escalation of risk. Allocation of clear responsibilities

for credit risk management ensures risks are identified, monitored, managed, and mitigated where required in order that they remain within the Board's risk appetite.

9.2 UK CRB – Additional disclosure related to the credit quality of assets

a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes in accordance with Article 178 CRR

The Group considers a loan that meets the definition of default to be credit-impaired. The Group's definition of default for residential mortgages is aligned with Article 178 of the UK CRR. This definition is twofold, such that exposures are treated as being in default when they are:

- 90 days or more past due on contractual payments of principal and / or interest; or
- Subject to unlikelihood-to-pay criteria, indicating that the borrower is in significant financial difficulty.

A difference exists between the unlikelihood-to-pay criteria applied within the current IRB model used for Regulatory Capital purposes, and the accounting (IFRS 9) model.

Under IFRS 9, the model incorporates a defined 'probation period', representing a period of sustained satisfactory payment performance that must be demonstrated before a customer can be reclassified as not defaulted. This probation period is not built into the current retail IRB model and, as a result, such customers are not captured as defaulted under the CRR definition.

The Society continues to work with the PRA to update its IRB rating system to meet the latest regulatory requirements. Until the new IRB ratings system is approved a temporary model adjustment (TMA) is applied to the Society's regulator-approved IRB model output at portfolio level. For further details, see section 12.

b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this

All exposures more than 90 days past due are treated as impaired.

c) Description of methods used for determining general and specific credit risk adjustments

The Group carries out an assessment of impairment of loans and advances to customers at each reporting date. For accounting purposes, all impairment provisions are calculated in line with IFRS 9 which provides for expected credit losses (ECL¹) based on the credit risk categorisation of the exposure. All provisions are considered to be specific credit risk adjustments allocated against individual loans, and the Group does not have any general credit risk adjustments. All assets are categorised into three stages as follows:

- Stage 1 A financial asset which has not experienced a significant increase in credit risk since origination. 12-month ECLs are recognised and interest revenue is determined by using the effective interest rate (EIR) method based on the gross carrying amount.
- Stage 2 A financial asset which has experienced a significant increase in credit risk since initial recognition. Lifetime ECLs are recognised and interest revenue is determined by the EIR on the gross carrying amount.
- Stage 3 A financial asset which is identified as in default and considered credit impaired. Lifetime ECLs are recognised and interest revenue is determined by the EIR on the net carrying amount.

d) Definition of a restructured point (d) of Article 178(3) CRR when different from the definition of forbore exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014

The Group's pre-approved definition of a restructured exposure is aligned with Annex V to Commission Implementing Regulation (EU) 680/2014, and considers a default event to occur when a concession is offered where the counterparty is in arrears. The PRA approval of the revised IRB models that reflect this regulatory change has not yet been secured as set out in section 12.1.

¹ ECL represents the present value of all cash shortfalls over the expected life of the financial instruments to determine impairment allowances under IFRS 9.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

9.3 UK CR1 – Performing and non-performing exposures and related provisions

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n		o
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures				Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
		£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m			
005	Cash balances at central banks and other demand deposits	1,408.3	1,408.3	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-
010	Loans and advances	33,877.3	32,945.2	657.1	153.2	-	153.2	(15.4)	(9.0)	(6.4)	(9.9)	-	(9.9)	-	33,449.9	144.6	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	9.9	9.9	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	265.6	254.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	426.8	415.6	11.2	8.9	-	8.9	(1.7)	(0.7)	(1.0)	(2.3)	-	(2.3)	-	298.3	8.0	
070	Of which SMEs	210.1	208.0	2.1	0.4	-	0.4	(1.0)	(0.3)	(0.7)	(0.4)	-	(0.4)	-	215.2	1.4	
080	Households	33,175.0	32,265.1	645.9	144.3	-	144.3	(13.7)	(8.3)	(5.4)	(7.6)	-	(7.6)	-	33,151.6	136.6	
090	Debt securities	4,269.4	4,269.4	-	-	-	-	-	-	-	-	-	-	-	2,051.6	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,273.8	1,273.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,376.6	2,376.6	-	-	-	-	-	-	-	-	-	-	-	1,432.6	-	
130	Other financial corporations	619.0	619.0	-	-	-	-	-	-	-	-	-	-	-	619.0	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance-sheet exposures	2,292.6	2,292.6	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	2,197.9	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
190	Other financial corporations	3.1	3.1	-	-	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations	91.3	91.3	-	-	-	-	-	-	-	-	-	-	-	-	-	
210	Households	2,198.2	2,198.2	-	-	-	-	(0.3)	(0.3)	-	-	-	-	-	2,197.9	-	
220	Total	41,847.6	40,915.5	657.1	153.2	-	153.2	(15.9)	(9.5)	(6.4)	(9.9)	-	(9.9)	-	37,699.4	144.6	

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CR1 – Performing and non-performing exposures and related provisions *(continued)*

30 June 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n		o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received		
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures	
		£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m	£m	Of which stage 1 £m	Of which stage 2 £m	£m	Of which stage 2 £m	Of which stage 3 £m				£m
005	Cash balances at central banks and other demand deposits	1,355.3	1,355.3	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	-	-	-
010	Loans and advances	32,744.9	31,952.5	508.0	149.9	-	149.9	(12.5)	(7.3)	(5.2)	(12.5)	-	(12.5)	-	32,324.6	141.6	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	15.0	15.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	263.6	251.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations ¹	431.2	420.9	10.3	15.7	-	15.7	(1.9)	(0.8)	(1.1)	(5.6)	-	(5.6)	-	308.6	14.3	
070	Of which SMEs ¹	222.7	217.7	5.1	1.1	-	1.1	(1.2)	(0.3)	(0.9)	(0.6)	-	(0.6)	-	217.4	4.7	
080	Households	32,035.1	31,265.0	497.7	134.2	-	134.2	(10.6)	(6.5)	(4.1)	(6.9)	-	(6.9)	-	32,016.0	127.3	
090	Debt securities	4,455.4	4,455.4	-	-	-	-	-	-	-	-	-	-	-	2,077.1	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	1,449.3	1,449.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	2,363.3	2,363.3	-	-	-	-	-	-	-	-	-	-	-	1,434.3	-	
130	Other financial corporations	642.8	642.8	-	-	-	-	-	-	-	-	-	-	-	642.8	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance-sheet exposures	2,218.7	2,218.7	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	2,122.7	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
190	Other financial corporations	6.2	6.2	-	-	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations	89.5	89.5	-	-	-	-	-	-	-	-	-	-	-	-	-	
210	Households	2,123.0	2,123.0	-	-	-	-	(0.2)	(0.2)	-	-	-	-	-	2,122.7	-	
220	Total	40,774.3	39,981.9	508.0	149.9	-	149.9	(12.9)	(7.7)	(5.2)	(12.5)	-	(12.5)	-	36,524.4	141.6	

Note

1. The comparative table has been restated for SBF exposures classified as Stage 2 under IFRS 9 that were previously shown as non-performing. A review confirmed these loans are neither 90+ days past due nor subject to unlikelihood-to-pay indicators. The change reflects a correction in presentation, not a change in credit risk.

9.4 UK CR1-A – Maturity of exposures

The template below sets out the maturity of the Group's credit risk exposures.

31 December 2025		a	b	c		d	e	f
		Net exposure value						
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total	
		£m	£m	£m	£m	£m	£m	
1	Loans and advances	291.1	249.3	3,295.4	32,197.2	264.5	36,297.5	
2	Debt securities	-	903.2	2,696.3	669.9	-	4,269.4	
3	Total	291.1	1,152.5	5,991.7	32,867.1	264.5	40,566.9	

30 June 2025		a	b	c		d	e	f
		Net exposure value						
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total	
		£m	£m	£m	£m	£m	£m	
1	Loans and advances	298.4	134.0	3,200.5	31,188.8	266.7	35,088.4	
2	Debt securities	-	919.1	2,696.4	839.9	-	4,455.4	
3	Total	298.4	1,053.1	5,896.9	32,028.7	266.7	39,543.8	

9.5 UK CR2 – Changes in the stock of non-performing loans and advances

The template below sets out the changes in the stock of non-performing loans and advances.

		a	
		Gross carrying amount	
		31 Dec 25	30 Jun 25
		£m	£m
010	Initial stock of non-performing loans and advances	135.1	135.1
020	Inflows to non-performing portfolios	85.3	59.9
030	Outflows from non-performing portfolios ¹	(67.2)	(45.1)
040	Outflows due to write-offs	(5.7)	(3.8)
050	Outflow due to other situations	(61.5)	(41.3)
060	Final stock of non-performing loans and advances	153.2	149.9

Note

- The comparative table has been restated for SBF exposures classified as Stage 2 under IFRS 9 that were previously shown as non-performing. A review confirmed these loans are neither 90+ days past due nor subject to unlikeliness-to-pay indicators. The change reflects a correction in presentation, not a change in credit risk.

9.6 UK CR2-A – Changes in the stock of non-performing loans and advances and related net accumulated recoveries

In accordance with the PRA Rulebook, this template is subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore this template has not been disclosed.

9.7 UK CQ1 – Credit quality of forbore exposure

The template below sets out the analysis of credit quality of forbore exposures.

31 December 2025		a	b	c	d	e		f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures		
		Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
			Of which defaulted	Of which impaired						
	£m	£m	£m	£m	£m	£m	£m	£m		
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-
010	Loans and advances	160.4	88.7	68.4	88.7	(1.9)	(4.7)	242.5	84.0	
020	<i>Central banks</i>	-	-	-	-	-	-	-	-	
030	<i>General governments</i>	-	-	-	-	-	-	-	-	
040	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	
050	<i>Other financial corporations</i>	-	-	-	-	-	-	-	-	
060	<i>Non-financial corporations</i>	3.7	5.1	5.1	5.1	(0.1)	(0.8)	7.9	4.3	
070	<i>Households</i>	156.7	83.6	63.3	83.6	(1.8)	(3.9)	234.6	79.7	
080	Debt Securities	-	-	-	-	-	-	-	-	
090	Loan commitments given	-	-	-	-	-	-	-	-	
100	Total	160.4	88.7	68.4	88.7	(1.9)	(4.7)	242.5	84.0	

UK CQ1 – Credit quality of forbore exposure *(continued)*

30 June 2025		a	b	c	d	e		f		g		h	
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				Collateral received and financial guarantees received on forbore exposures			
		Performing forbore	Non-performing forbore			On performing forbore exposures	On non-performing forbore exposures			Of which collateral and financial guarantees received on non-performing exposures with forbearance measures			
			Of which defaulted	Of which impaired									
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-	-	-	-	-
010	Loans and advances	140.8	84.4	71.3	84.4	(1.4)	(7.6)	216.0	76.8				
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
060	Non-financial corporations	4.1	10.0	10.0	10.0	(0.1)	(3.8)	10.2	6.2				
070	Households	136.7	74.4	61.3	74.4	(1.3)	(3.8)	205.8	70.6				
080	Debt Securities	-	-	-	-	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-	-	-	-	-
100	Total	140.8	84.4	71.3	84.4	(1.4)	(7.6)	216.0	76.8				

9.8 UK CQ2 – Quality of forbearance

In accordance with the PRA Rulebook, this template is subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore this template has not been disclosed.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

9.9 UK CQ3 – Credit quality of performing and non-performing exposures by past due days

The template below sets out the analysis of credit risk exposures by payment due status.

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Performing exposures			Non-performing exposures									
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
005	Cash balances at central banks and other demand deposits	1,408.3	1,408.3	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	33,877.3	33,797.9	79.4	153.2	44.9	57.7	34.5	11.2	4.8	0.1	-	116.0	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	9.9	9.9	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	265.6	265.6	-	-	-	-	-	-	-	-	-	-	
060	Non-financial corporations	426.8	421.0	5.8	9.0	2.7	2.4	3.2	0.2	0.4	0.1	-	8.5	
070	Of which SMEs	210.1	208.0	2.1	0.4	-	0.4	-	-	-	-	-	-	
080	Households	33,175.0	33,101.4	73.6	144.2	42.2	55.3	31.3	11.0	4.4	-	-	107.5	
090	Debt securities	4,269.4	4,269.4	-	-	-	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	1,273.8	1,273.8	-	-	-	-	-	-	-	-	-	-	
120	Credit institutions	2,376.6	2,376.6	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	619.0	619.0	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance-sheet exposures	2,292.6	-	-	-	-	-	-	-	-	-	-	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	
190	Other financial corporations	3.1	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations	91.3	-	-	-	-	-	-	-	-	-	-	-	
210	Households	2,198.2	-	-	-	-	-	-	-	-	-	-	-	
220	Total	41,847.6	39,475.6	79.4	153.2	44.9	57.7	34.5	11.2	4.8	0.1	-	116.0	

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CQ3 – Credit quality of performing and non-performing exposures by past due days *(continued)*

31 December 2024		a	b	c	d	e	f	g	h	i	j	k	l	
		Gross carrying amount/nominal amount												
		Performing exposures			Non-performing exposures									
		£m	Not past due or past due ≤ 30 days £m	Past due > 30 days ≤ 90 days £m	£m	£m	Unlikely to pay that are not past due or are past due ≤ 90 days £m	Past due > 90 days ≤ 180 days £m	Past due > 180 days ≤ 1 year £m	Past due > 1 year ≤ 2 years £m	Past due > 2 years ≤ 5 years £m	Past due > 5 years ≤ 7 years £m	Past due > 7 years £m	Of which defaulted £m
005	Cash balances at central banks and other demand deposits	2,019.3	2,019.3	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	31,471.0	31,403.2	67.8	132.5	43.8	48.7	26.9	10.8	2.3	-	-	107.1	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	-	-	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	19.2	19.2	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	272.4	272.4	-	-	-	-	-	-	-	-	-	-	
060	Non-financial corporations ¹	425.5	419.7	5.8	15.8	11.9	3.4	-	0.4	-	-	-	14.4	
070	Of which SMEs ¹	206.8	204.2	2.6	1.3	-	1.3	-	-	-	-	-	-	
080	Households	30,753.9	30,691.9	62.0	116.7	31.9	45.3	26.9	10.3	2.3	-	-	92.7	
090	Debt securities	4,349.6	4,349.6	-	-	-	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
110	General governments	1,684.7	1,684.7	-	-	-	-	-	-	-	-	-	-	
120	Credit institutions	2,045.0	2,045.0	-	-	-	-	-	-	-	-	-	-	
130	Other financial corporations	619.9	619.9	-	-	-	-	-	-	-	-	-	-	
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
150	Off-balance-sheet exposures	1,966.5	-	-	-	-	-	-	-	-	-	-	-	
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
170	General governments	-	-	-	-	-	-	-	-	-	-	-	-	
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	
190	Other financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	
200	Non-financial corporations	81.5	-	-	-	-	-	-	-	-	-	-	-	
210	Households	1,885.0	-	-	-	-	-	-	-	-	-	-	-	
220	Total	39,806.4	37,772.1	67.8	132.5	43.8	48.7	26.9	10.7	2.3	-	-	107.1	

Note

- The comparative table has been restated for SBF exposures classified as Stage 2 under IFRS 9 that were previously shown as non-performing. A review confirmed these loans are neither 90+ days past due nor subject to unlikeliness-to-pay indicators. The change reflects a correction in presentation, not a change in credit risk.

9.10 UK CQ4 – Quality of non-performing exposures by geography

In accordance with the PRA Rulebook, this template is subject to a 10% threshold, calculated as non-domestic exposures divided by total exposures. The Group's non-domestic exposures are below this threshold and therefore this template has not been disclosed.

9.11 UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry

The template below sets out the analysis of credit risk exposures by industry.

31 December 2025		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	Of which non-performing	Of which defaulted					
	£m	£m	£m	£m	£m	£m	£m
010	Agriculture, forestry and fishing	0.7	-	-	-	-	-
020	Mining and quarrying	1.1	-	-	-	-	-
030	Manufacturing	44.8	-	-	-	(0.5)	-
040	Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-
050	Water supply	4.5	-	-	-	-	-
060	Construction	3.9	-	-	-	-	-
070	Wholesale and retail trade	25.1	-	0.2	-	(0.2)	-
080	Transport and storage	36.6	-	-	-	(0.1)	-
090	Accommodation and food service activities	6.8	-	-	-	-	-
100	Information and communication	11.9	-	-	-	-	-
110	Financial and insurance activities	0.4	-	-	-	-	-
120	Real estate activities	214.5	-	8.2	-	(2.5)	-
130	Professional, scientific and technical activities	4.3	-	-	-	-	-
140	Administrative and support service activities	73.3	-	-	-	(0.7)	-
150	Public administration and defence, compulsory social security	1.2	-	-	-	-	-
160	Education	0.8	-	-	-	-	-
170	Human health services and social work activities	2.4	-	-	-	-	-
180	Arts, entertainment and recreation	0.5	-	-	-	-	-
190	Other services	2.9	-	-	-	-	-
200	Total	435.7	-	8.4	-	(4.0)	-

Note

- In accordance with the PRA Rulebook, columns b and d of this template are subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore data in these columns has not been disclosed.

UK CQ5 – Credit quality of loans and advances to non-financial corporations by industry (*continued*)

30 June 2025		a	b		c	d	e	f	
			Gross carrying amount						
			£m	Of which non-performing					£m
				Of which defaulted					
		£m	£m	£m	£m	£m	£m		
010	Agriculture, forestry and fishing	0.7	-	-	-	-	-		
020	Mining and quarrying	1.4	-	-	-	-	-		
030	Manufacturing	47.1	-	-	-	(0.6)	-		
040	Electricity, gas, steam and air conditioning supply	-	-	-	-	-	-		
050	Water supply	3.9	-	-	-	-	-		
060	Construction	4.0	-	-	-	-	-		
070	Wholesale and retail trade	26.4	-	0.2	-	(0.2)	-		
080	Transport and storage	34.2	-	-	-	(0.2)	-		
090	Accommodation and food service activities	12.7	-	5.3	-	(3.2)	-		
100	Information and communication	0.8	-	-	-	-	-		
110	Financial and insurance activities	0.8	-	-	-	-	-		
120	Real estate activities	225.1	-	9.0	-	(2.3)	-		
130	Professional, scientific and technical activities	4.4	-	-	-	-	-		
140	Administrative and support service activities	77.7	-	-	-	(0.8)	-		
150	Public administration and defence, compulsory social security	0.8	-	-	-	-	-		
160	Education	1.1	-	-	-	-	-		
170	Human health services and social work activities	2.9	-	-	-	-	-		
180	Arts, entertainment and recreation	-	-	-	-	-	-		
190	Other services	2.9	-	-	-	-	-		
200	Total	446.9	-	14.5	-	(7.3)	-		

9.12 UK CQ6 – Collateral valuation - loans and advances

In accordance with the PRA Rulebook, this template is subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore this template has not been disclosed.

9.13 UK CQ7 – Collateral obtained by taking possession and execution processes

The template below sets out the information on the collateral obtained by taking possession.

		a		b		a		b	
		Collateral obtained by taking possession							
		Value at initial recognition 31 Dec 25	Accumulated negative changes 31 Dec 25	Value at initial recognition 30 Jun 25	Accumulated negative changes 30 Jun 25	Value at initial recognition 31 Dec 25	Accumulated negative changes 31 Dec 25	Value at initial recognition 30 Jun 25	Accumulated negative changes 30 Jun 25
		£m							
010	Property, plant and equipment (PP&E)	-	-	-	-	-	-	-	-
020	Other than PP&E	2.9	-	3.1	-	3.1	-	-	-
030	<i>Residential immovable property</i>	2.8	-	3.1	-	3.1	-	-	-
040	<i>Commercial Immovable property</i>	0.1	-	-	-	-	-	-	-
050	<i>Movable property (auto, shipping, etc.)</i>	-	-	-	-	-	-	-	-
060	<i>Equity and debt instruments</i>	-	-	-	-	-	-	-	-
070	<i>Other collateral</i>	-	-	-	-	-	-	-	-
080	Total	2.9	-	3.1	-	3.1	-	-	-

9.14 UK CQ8 – Collateral obtained by taking possession and execution processes – vintage breakdown

In accordance with the PRA Rulebook, this template is subject to a 5% threshold, calculated as non-performing loans and advances divided by total loans and advances. The Group's non-performing loans and advances are below this threshold and therefore this template has not been disclosed.

10 Credit risk mitigation techniques

10.1 UK CRC – Qualitative disclosure requirements related to CRM techniques

a) The core policies and processes for on- and off-balance sheet netting Article 453 (a) CRR

The Group uses credit risk mitigation (CRM) techniques to reduce the potential losses in the event that a customer or counterparty becomes unable to meet its obligations. This may include taking financial or physical security, the assignment of receivables or the use of guarantees, credit insurance, set-off, or netting arrangements.

The Group's legal documentation for derivative transactions does grant legal rights of set-off for those transactions with the same counterparty. Netting arrangements for set-off of on-balance sheet exposures have appropriate legal opinion as to their effectiveness and enforceability in the overall borrowing arrangements of legal group structures. These set-off rights mitigate the credit risk associated with such arrangements.

b) The core features of policies and processes for eligible collateral evaluation and management eligible collateral evaluation and management Article 453 (b) CRR

Retail

The Group employs a variety of methods and techniques available to reduce the credit risk of its mortgage lending. New lending controls assess both the overall credit risk of the customer and their ability to service the mortgage payments in a higher interest rate environment. The lending controls include the use of lending policy, application scoring, income verification and an affordability model.

The borrower's property remains the ultimate source of collateral and final recourse for credit risk mitigation in the event of a borrower defaulting on their loan. The extent of mitigation is predetermined by the original and current loan-to-value (LTV) assessed either through a valuation conducted by a suitably qualified professional firm or, in lower LTV lending, through an Automatic Valuation Model or desktop valuation process, subject to conditions and key assumptions agreed by RCC.

Commercial

For all loans secured by mortgages on commercial immovable property, valuations were undertaken prior to inception of the loan by suitably qualified professionals with relevant expertise in commercial properties. The Group re-values commercial properties with a balance greater than €3m (£2.6m GBP from January 2027) every three years and may seek subsequent valuations as it is deemed appropriate.

For commercial property, insurance must be taken out and maintained for the duration of the loan to cover normal property damage and must protect against insurable events. Other specialist insurance risk coverage may be requested at the discretion of the Group on a case-by-case basis.

Treasury

The form of credit risk mitigation employed by Group Treasury is determined by the nature of the instrument. International Swaps and Derivatives Association (ISDA) documentation confers the ability to use designated collateral to set against derivative credit exposures in the event of counterparty default. Derivative positions and collateral are valued daily and compared with counterparty valuations. Frequent (at least weekly) rebalancing of the collateral reduces the potential increase in future credit exposure.

For collateralised exposures, the posting of collateral reduces the impact of the current market value to the difference between the market value of the derivative and the 'minimum transfer amounts' which sets criteria to avoid the movement of small amounts of collateral. Any valuation disputes are monitored and escalated through established dispute resolution procedures.

The Group's Treasury Policy restricts securitisation investments to AAA rated tranches where the underlying collateral must consist solely of UK mortgages.

c) The main types of collateral taken by the institution to mitigate credit risk Article 453 (c) CRR

Retail

Residential property is the source of collateral for retail mortgages.

Commercial

The commercial property is the primary source of collateral utilised for credit risk mitigation and in all instances is secured by way of a first legal charge over the freehold or long leasehold property. The Group ceased originations

of new commercial lending during 2008 but will consider alterations to present commercial borrowings on a case-by-case basis.

Treasury

The Group is only permitted to receive and post cash as collateral or margin in respect of derivative exposures. The only exception relates to cross currency swaps, used to hedge the interest rate and foreign exchange risks associated with non-sterling denominated covered bonds, where high quality sovereign securities could be received by Skipton Covered Bonds Limited Liability Partnership (LLP).

The covered bonds and securitisations are predominantly secured by residential mortgages.

d) Guarantees and credit derivatives used as credit protection Article 453 (d) CRR

The Group does not utilise credit derivatives. The only guarantees used as credit protection are those provided by the UK Government relating to loans made under the Coronavirus Business Interruption Loans Scheme (CBILS), Bounce-back Loan Scheme (BBLS), Recovery Loan Scheme (RLS) and the Growth Guarantee Scheme (GGS). The current GGS period expires on 31 March 2026 and SBF intends to secure an allocation for the next scheme period so it can continue offering facilities to new and existing clients once the British Business Bank confirms future allocations and guarantee renewals.

e) Information about market or credit risk concentrations within the credit mitigation taken Article 453 (e) CRR

Concentration risk is the risk that the Group suffers disproportionate losses due to a lack of portfolio diversity including being over-exposed to counterparty, sectoral, geographic, product type or other portfolio concentrations.

Retail mortgage lending concentration risk is managed within the risk appetite framework which is approved by the Board, including specific sectoral, geographic and product type limits. The RCC monitors and reports on concentration risks on a monthly basis. Exposure limits are monitored and controlled within the operational underwriting area via system driven rule sets and strong mandate controls, where lending outside of policy is controlled via a risk appetite limit. These cases are independently reviewed by the Credit Risk Oversight team.

The Group's exposures are predominantly concentrated in the UK with some exposure to the Channel Islands through SIL. Credit exposures are however diversified at a regional level and are controlled via risk appetite limits which are subject to an annual review.

The ALCO sets policy limits to manage wholesale lending credit risk concentrations. Compliance with these limits is monitored daily, and formally reported to the GWCC and the ALCO monthly.

10.2 UK CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

The template below shows the use of credit risk mitigation techniques, broken down by loans and advances, and debt securities.

31 December 2025		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		£m	£m	£m	£m	£m
1	Loans and advances	275.4	33,729.7	33,594.5	-	-
2	Debt securities	2,836.8	1,432.6	1,432.6	-	-
3	Total	3,112.2	35,162.3	35,027.1	-	-
4	<i>Of which non-performing exposures</i>	-	143.3	143.3	-	-
5	<i>Of which defaulted</i>	-	70.6	-	-	-

30 June 2025		a	b	c	d	e
		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		£m	£m	£m	£m	£m
1	Loans and advances ¹	278.6	32,591.3	32,466.2	-	-
2	Debt securities	3,021.1	1,434.3	1,434.3	-	-
3	Total	3,299.7	34,025.6	33,900.5	-	-
4	<i>Of which non-performing exposures</i> ²	-	137.4	141.6	-	-
5	<i>Of which defaulted</i>	-	70.6	-	-	-

Note

- The June 2025 table has been restated to align with the UK CR1 template. Cash balances at central banks and other demand deposits have been reclassified and are no longer presented within loans and advances.
- The comparative table has been restated for SBF exposures classified as Stage 2 under IFRS 9 that were previously shown as non-performing. A review confirmed these loans are neither 90+ days past due nor subject to unlikeliness-to-pay indicators. The change reflects a correction in presentation, not a change in credit risk.

11 Standardised approach

11.1 UK CRD – Qualitative disclosure requirements related to standardised model

(a) Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) Article 444 (a) CRR

To obtain the risk weights to calculate the minimum capital requirement for wholesale lending exposures, the Group continues to use Moody's and Fitch as External Credit Assessment Institutions (ECAIs). The lower of Moody's or Fitch ratings is applied if both agencies rate the same exposure.

(b) The exposure classes for which each ECAI or ECA is used Article 444 (b) CRR

ECAI ratings are used for central governments and central banks, multilateral development banks, institutions, covered bonds and securitisation exposures.

(c) The process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book Article 444 (c) CRR

The Group does not have a trading book; therefore, this requirement is not applicable. The narrative in points (a) and (b) relate to non-trading book items.

(d) The association of the external rating of each nominated ECAI or ECA with the risk weights that correspond with the credit quality steps Article 444 (d) CRR

The ratings from the ECAIs are mapped across to the Credit Quality Step requirements in line with the UK CRR.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

11.2 UK CR4 – Standardised approach – Credit risk exposure and CRM effects

The template below sets out on- and off-balance sheet exposures and related RWAs.

31 December 2025		a		b		c		d		e		f	
		Exposures before CCF and before CRM				Exposures post CCF and post CRM				RWAs and RWAs density			
		On-balance-sheet exposures		Off-balance-sheet exposures		On-balance-sheet exposures		Off-balance-sheet amount		RWAs		RWAs density	
		£m	£m	£m	£m	£m	£m	£m	(%)				
1	Central governments or central banks	3,096.9	-	3,097.1	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	1,095.2	-	1,095.2	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	61.6	-	61.6	-	-	-	15.9	25.8	-	-	-	-
7	Corporates	338.1	93.9	337.9	11.7	-	-	305.2	87.3	-	-	-	-
8	Retail	18.9	1.3	18.9	0.3	-	-	13.9	72.4	-	-	-	-
9	Secured by mortgages on immovable property	2,438.6	42.2	2,438.6	8.4	-	-	923.8	37.8	-	-	-	-
10	Exposures in default	7.8	-	7.8	-	-	-	9.1	115.6	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	812.7	-	812.7	-	-	-	81.3	10.0	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	43.8	-	43.8	-	-	-	57.8	132.4	-	-	-	-
17	TOTAL	7,913.6	137.4	7,913.6	20.4	-	-	1,407.0	17.7	-	-	-	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CR4 – Standardised approach – Credit risk exposure and CRM effects *(continued)*

30 June 2025		a		b		c		d		e		f	
		Exposures before CCF and before CRM				Exposures post CCF and post CRM				RWAs and RWAs density			
		On-balance-sheet exposures		Off-balance-sheet exposures		On-balance-sheet exposures		Off-balance-sheet amount		RWAs		RWAs density	
		£m		£m		£m		£m		%			
1	Central governments or central banks	3,194.7	-	3,194.7	-	-	-	-	-	-	-	-	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	1,103.0	-	1,103.0	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	85.0	-	85.0	-	19.8	-	23.3	-	-	-	-	-
7	Corporates	336.6	95.7	336.2	3.4	293.2	-	86.3	-	-	-	-	-
8	Retail	12.5	1.3	12.4	-	9.0	-	72.2	-	-	-	-	-
9	Secured by mortgages on immovable property	2,468.4	40.2	2,468.4	-	939.4	-	38.1	-	-	-	-	-
10	Exposures in default	8.9	-	8.9	-	10.2	-	113.9	-	-	-	-	-
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	790.7	-	790.7	-	79.1	-	10.0	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	49.6	-	49.6	-	62.2	-	125.4	-	-	-	-	-
17	TOTAL	8,049.4	137.2	8,048.9	3.4	1,412.9	-	17.6	-	-	-	-	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

11.3 UK CR5 – Standardised approach

The template below sets out the analysis of exposures by risk weight.

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
Exposure classes		Risk weight														Total £m	Of which unrated £m	
		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m			Others £m
1	Central governments or central banks	3,097.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,097.1	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	1,095.2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,095.2	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	49.7	-	11.9	-	-	-	-	-	-	-	-	61.6	11.9
7	Corporates	-	-	-	-	-	-	-	-	349.6	-	-	-	-	-	-	349.6	349.6
8	Retail exposures	-	-	-	-	-	-	-	19.2	-	-	-	-	-	-	-	19.2	19.2
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,331.7	-	-	30.1	85.2	-	-	-	-	-	2,447.0	2,447.0
10	Exposures in default	-	-	-	-	-	-	-	-	-	5.4	2.4	-	-	-	-	7.8	7.8
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	812.7	-	-	-	-	-	-	-	-	-	-	-	812.7	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	0.1	-	-	-	34.3	-	9.4	-	-	-	-	43.8	43.8
17	TOTAL	4,192.3	-	-	812.7	49.8	2,331.7	11.9	-	49.3	474.5	2.4	9.4	-	-	-	7,934.0	2,879.3

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CR5 – Standardised approach *(continued)*

30 June 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
Exposure classes		Risk weight														Total £m	Of which unrated £m	
		0% £m	2% £m	4% £m	10% £m	20% £m	35% £m	50% £m	70% £m	75% £m	100% £m	150% £m	250% £m	370% £m	1250% £m			Others £m
1	Central governments or central banks	3,194.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,194.7	-
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	1,103.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,103.0	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	-	-	-	75.7	-	9.3	-	-	-	-	-	-	-	-	85.0	9.8
7	Corporates	-	-	-	-	-	-	-	-	-	339.6	-	-	-	-	-	339.6	339.6
8	Retail exposures	-	-	-	-	-	-	-	-	12.4	-	-	-	-	-	-	12.4	12.4
9	Exposures secured by mortgages on immovable property	-	-	-	-	-	2,339.7	-	-	32.7	96.0	-	-	-	-	-	2,468.4	2,468.4
10	Exposures in default	-	-	-	-	-	-	-	-	-	6.4	2.5	-	-	-	-	8.9	8.9
11	Exposures associated with particularly high risk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Covered bonds	-	-	-	790.7	-	-	-	-	-	-	-	-	-	-	-	790.7	-
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Other items	-	-	-	-	0.6	-	-	-	-	40.3	-	8.7	-	-	-	49.6	49.6
17	TOTAL	4,297.7	-	-	790.7	76.3	2,339.7	9.3	-	45.1	482.3	2.5	8.7	-	-	-	8,052.3	2,888.7

12 IRB approach to credit risk

12.1 UK CRE – Qualitative disclosure requirements related to IRB approach

(a) The competent authority's permission of the approach or approved transition Article 452 (a) CRR

The Society has PRA permission to apply the Advanced IRB approach to certain credit risk exposures. The IRB rating system uses internally developed models for Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD). This contrasts with the Foundation IRB (FIRB) approach, which uses internal PD models but regulator prescribed calculations for LGD and EAD.

The Group calculates the regulatory capital requirement for credit risk using internally developed models for the Society's retail mortgage exposures. The Group also applies the IRB approach to equity exposures as per Articles 155 and non-credit obligation assets including cash in hand as per Article 156.

The Society continues to work with the PRA to update its IRB rating system to meet the latest regulatory requirements. Until the new IRB ratings system is approved a temporary model adjustment (TMA) is applied to the Society's regulator-approved IRB model output at portfolio level. The TMA uplifts the expected loss (EL) and RWAs to the level expected in the revised IRB models.

The TMA remains subject to change and may cause variations in the capital metrics. There have not been, and we do not expect there to be, any material changes to the risk profile or strategy of the Society as a result of changes to the TMA.

(b) Control mechanisms for rating systems at the different stages of model development, controls and changes Article 452 (c) CRR

(i) the relationship between the risk management function and the internal audit function;

The risk-based reviews assess the following;

- Ongoing development, and any changes for compliance with the Society's control framework;
- The quality of IRB monitoring, procedures and reporting; and
- Compliance with Model Risk Management Policy and model risk appetite.

Group Internal Audit report any control weaknesses and track progress of remediation plans.

(ii) the rating system review;

On an annual basis, the GCFO attests to the compliance of the IRB model with the applicable UK CRR articles and the PRA supervisory statements. An assessment of regulatory compliance is undertaken by the Credit Analytics team to support the attestation which is independently reviewed by the Model Risk Management team. The attestation is reported to the PRA alongside an action plan to remediate any gaps in compliance.

Any model developments or changes to the IRB models are subject to independent validation.

Model performance is monitored by the Credit Analytics team and reported quarterly to the Model Risk Committee (MRC) and bi-annually to the BRC and the ERC.

(iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;

The Credit Analytics team are in the first line of defence and report to the GCFO. Developments and changes to the IRB rating system are reviewed by the Model Risk Management team, who are within the second line of defence and report to the Group Chief Risk Officer. This provides independence between the functions developing and reviewing the models.

(iv) procedure to ensure the accountability of the functions in charge of developing and reviewing the models;

The Model Risk Management team are responsible for the Model Risk Management Framework, and independent review of the Society's material models. The MRC is part of the governance framework and provides oversight, review and challenge to these material models. The Model Risk Management Framework includes the Model Risk Management Policy and model risk appetite, both of which require annual approval from the BRC.

Each model has a defined model owner and the model tier, which determines the proportionality of independent review and level of governance that is applied. All identified models are recorded in the centralised model inventory.

The Head of Credit Analytics is the model owner for the IRB rating system. Group Internal Audit assesses first and second line compliance with, and the effectiveness of, the Model Risk Management Framework.

(c) The role of the functions involved in the development, approval and subsequent changes of the credit risk models Article 452 (d) CRR

The "three lines of defence" model operated by the Society, segregates responsibility for the development, independent review and approval of the IRB models.

The first line of defence is responsible for the development of, and any subsequent changes to the IRB models. The second line of defence is responsible for independently reviewing model developments and changes prior to submission to MRC for approval. The third line of defence, provided by Group Internal Audit, provides independent assurance to the Board (through the BAC) of the adequacy and effectiveness of control systems operating within the first and second lines in identifying and managing risk.

(d) The scope and main content of the reporting related to credit risk models Article 452 (e) CRR

IRB rating system reporting and monitoring is undertaken quarterly, with a detailed monitoring report provided quarterly to MRC. The BRC is also provided with a report covering model performance at least twice a year.

The monitoring process assesses the model against the model risk principles defined in the Model Risk Management Policy, including whether the model performance and data quality remain within acceptable tolerances.

A detailed annual review of the IRB rating system is undertaken by the first line, and is independently reviewed by the second line prior to reporting to the MRC. Regulatory compliance is reviewed at least annually.

A Credit Risk Management Information Pack containing, information on IRB output, impairment trends, and changes for specific customer segments is reviewed by RCC.

(e) The internal ratings process by exposure class, Article 452 (f) CRR

The descriptions provided in this section are for the incumbent regulator-approved IRB rating system as applied to the Society's retail mortgage exposures. The Society has sufficient history of default events to not be considered as a low default portfolio. Therefore, robust PD estimates are made from the available data.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

The following table provides a high-level overview of the key features of the IRB ratings system.

Feature	Overview	Years of data ¹	Specific regulatory requirement
Probability of default (PD)	This model estimates the likelihood of an account defaulting. Accounts are mapped to a point in time ³ PD from application and behavioural scores.	>5 years	Account level PD floor of 0.03% ² .
Loss given default (LGD)	This model estimates the loss that occurs following an account defaulting. This includes the likelihood of possession, the reduction in house price value and cash flow discounting.		Portfolio level LGD floor of 10% ² of the portfolio EAD.
Exposures at default (EAD)	This model estimates the exposure at default considering interest rates and fees.		Account level floor at account balance.
Definition of default (DoD)	The DoD is primarily driven by payments past due with some unlikelihood to pay indicators. These include bankruptcy, forbearance whilst in arrears of two or more months, an individual voluntary agreement (IVA), possession, and specific provision.		Required inclusion of 90 Days Payments Past Due in the Default Definition.

Notes

1. The years of data is the number of years of loss or default data used in model development and helps to illustrate whether the Society has a suitable history of data to develop IRB models.
2. A floor is the minimum value for a model estimate.
3. This model will change to the revised 'Hybrid' PD requirements which are set out in the PRA's Supervisory Statement SS11/13.

Probability of Default

The PD model estimates the risk of a customer defaulting on their mortgage repayments over the next twelve months.

Customers receive a score which represents the account's risk of default. There are two scores for customers: an application score and a behavioural score. Application scores are developed based on customer data available from credit bureaus, and behavioural scores are based on observed account data and credit bureau data. These scores are calibrated to provide a regulatory point in time PD with the application score used for the first two months of the product and the behavioural score for month three onwards. Validation of the IRB models utilises a range of statistical techniques to provide comfort that the models are fit for purpose.

Exposure at Default

The EAD model estimates the exposure at risk in the event of a default event over the next twelve months and therefore forms part of the credit loss estimate. This is achieved by adjusting the balance by a modelled number of repayments to the account, plus interest and costs added if the account proceeds to default.

Loss Given Default

The LGD model estimates the loss that would result if the customer were to default.

The LGD model consists of several models, detailed in the table below, which were built using internal data from the last downturn in the economy. These models assess the likelihood of repossession once an account defaults, the estimated sale value returned when selling a repossessed property, and the expected reduction in house prices that would occur in an economic downturn.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

The following table provides a high-level overview of the LGD models.

Model component	Years of data ¹	Purpose and approach	Outcome period ²	Downturn method ³
Probability of possession given default	> 5 years	To estimate the likelihood of an account moving to possession following a default which can result in a credit loss. This is a segmentation model calculated on downturn data. ⁴	36 months following default	Model downturn cure rate and LTV
Time to possession and time to sale		Used to discount the future value of cashflows to the point of default. Provides an estimated time from observation to possession, and possession to sale, for accounts defaulting in the observation period.	The period between the default and final possession and property sale	Downturn calibration
Forced sale discount		Estimates the reduction that will occur if a property is sold following a possession event. Typically, the sale is lower than the market value which can increase the overall credit loss. This is a segmentation model with a distribution approach.	At the point of property sale	Haircut applied to downturn property values.
Downturn market price reduction		The downturn market price reduction reduces the valuation of properties by 25% from the most recent peak of house prices, this ensures the LGD estimates are appropriate for an economic downturn.	N/A	N/A

Notes

1. The years of data is the number of years of loss or default data used in model development.
2. The outcome period is the length of time an account was observed to determine the predicted outcome of the models.
3. The downturn method is the method of ensuring the LGD component estimates economic downturn losses as required by regulation. A downturn is a period of time when economic indicators reflect a more negative economic environment for example unemployment may increase or house prices may decrease.
4. Segmentation is a method of grouping customer accounts with similar risk.

Credit Conversion Factor

Off-balance sheet amounts for the credit commitments relating to mortgages not yet drawn down are reduced by the CCF to consider the probability of the mortgage not completing. The CCF is applied to the exposure at the point of completion and is based on completion rates previously observed across the portfolio.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

12.2 UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range

The template below sets out the credit exposures by exposure class and PD range under the IRB approach.

31 December 2025													
A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	On-balance sheet exposures	Off-balance-sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		%	Years	£m	£m	£m	£m	
Secured by immovable property Non-SME													
0.00 to <0.15	8,767.3	2,151.3	85.0	10,595.8	0.1	52,508	24.7	-	1,389.9	13.1	7.2	(2.5)	
0.00 to <0.10	4,208.5	2,144.9	85.0	6,031.6	0.1	27,997	26.2	-	833.3	13.8	4.9	(1.3)	
0.10 to <0.15	4,558.8	6.4	85.0	4,564.2	0.1	24,511	22.8	-	556.6	12.2	2.3	(1.2)	
0.15 to <0.25	11,668.7	1.9	85.0	11,670.3	0.2	70,828	19.7	-	1,738.7	14.9	8.0	(2.9)	
0.25 to <0.50	8,492.4	2.1	85.0	8,494.1	0.3	59,586	18.1	-	1,626.9	19.2	8.5	(2.6)	
0.50 to <0.75	930.0	0.1	85.0	930.1	0.6	6,988	18.2	-	273.3	29.4	1.7	(0.4)	
0.75 to <2.50	592.8	-	-	592.9	1.2	4,715	17.0	-	258.3	43.6	2.0	(0.6)	
0.75 to <1.75	516.0	-	-	516.1	1.1	4,086	17.2	-	211.7	41.0	1.6	(0.5)	
1.75 to <2.5	76.8	-	-	76.8	2.1	629	16.1	-	46.6	60.7	0.4	(0.1)	
2.50 to <10.00	169.4	-	-	169.3	5.1	1,155	19.0	-	193.9	114.4	2.8	(1.2)	
2.5 to <5	95.4	-	-	95.4	3.5	665	18.9	-	91.1	95.4	1.1	(0.5)	
5 to <10	74.0	-	-	73.9	7.2	490	19.1	-	102.8	139.0	1.7	(0.7)	
10.00 to <100.00	184.9	-	-	184.9	36.6	1,278	18.6	-	316.9	171.4	21.7	(3.6)	
10 to <20	58.9	-	-	58.9	14.5	420	18.1	-	102.1	173.4	2.7	(0.8)	
20 to <30	33.0	-	-	33.0	24.9	227	19.0	-	67.6	205.0	2.7	(0.6)	
30.00 to <100.00	93.0	-	-	93.0	54.7	631	18.8	-	147.2	158.3	16.3	(2.2)	
100.00 (Default)	103.7	-	-	103.7	100.0	640	23.6	-	407.2	392.6	10.8	(7.0)	
Total (exposure class)	30,909.2	2,155.4	85.0	32,741.1	0.8	197,698	20.8	-	6,205.1	19.0	62.7	(20.8)	

The Society continues to work with the PRA to update its IRB rating system to meet the latest regulatory requirements. Until the new IRB ratings system is approved a temporary model adjustment (TMA) is applied to the Society’s regulator-approved IRB model output at portfolio level. The TMA uplifts the expected loss (EL) and RWAs to the level expected in the revised IRB models.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CR6 – IRB approach – Credit risk exposures by exposure class and PD range (continued)

30 June 2025													
A-IRB	a	b	c	d	e	f	g	h	i	j	k	l	m
PD range	On-balance sheet exposures	Off-balance sheet exposures pre-CCF	Exposure weighted average CCF	Exposure post CCF and post CRM	Exposure weighted average PD	Number of obligors	Exposure weighted average LGD	Exposure weighted average maturity	Risk weighted exposure amount after supporting factors	Density of risk weighted exposure amount	Expected loss amount	Value adjustments and provisions	
	£m	£m	%	£m	%		%	Years	£m	£m	£m	£m	
Secured by immovable property Non-SME													
0.00 to <0.15	8,984.9	2,077.6	85.0	10,750.8	0.1	56,307	23.8	-	1,385.4	12.9	7.2	(2.1)	
0.00 to <0.10	4,330.2	2,074.6	85.0	6,093.6	0.1	30,239	25.1	-	817.0	13.4	4.8	(1.1)	
0.10 to <0.15	4,654.7	3.0	85.0	4,657.2	0.1	26,068	22.1	-	568.4	12.2	2.4	(1.0)	
0.15 to <0.25	12,681.7	2.5	85.0	12,683.9	0.2	78,867	18.6	-	1,835.4	14.5	8.5	(2.6)	
0.25 to <0.50	6,555.1	1.1	85.0	6,556.0	0.3	48,100	17.4	-	1,275.8	19.5	6.8	(1.8)	
0.50 to <0.75	673.5	0.1	85.0	673.7	0.6	5,197	17.1	-	196.9	29.2	1.3	(0.3)	
0.75 to <2.50	491.3	0.1	85.0	491.4	1.2	4,065	16.7	-	223.5	45.5	1.8	(0.4)	
0.75 to <1.75	422.7	0.1	85.0	422.8	1.1	3,493	16.7	-	177.7	42.0	1.3	(0.3)	
1.75 to <2.5	68.6	-	-	68.6	2.1	572	17.0	-	45.8	66.8	0.5	(0.1)	
2.50 to <10.00	140.3	-	-	140.2	5.2	993	18.1	-	164.7	117.4	2.5	(0.9)	
2.5 to <5	74.9	-	-	74.9	3.5	563	17.4	-	69.5	92.7	0.8	(0.3)	
5 to <10	65.4	-	-	65.3	7.2	430	19.0	-	95.2	145.7	1.7	(0.6)	
10.00 to <100.00	160.3	-	-	160.2	35.7	1,120	17.8	-	279.9	174.7	18.5	(2.8)	
10 to <20	54.1	-	-	54.0	14.4	363	17.9	-	97.6	180.6	2.5	(0.7)	
20 to <30	24.4	-	-	24.4	24.8	175	17.8	-	49.4	202.3	2.0	(0.3)	
30.00 to <100.00	81.8	-	-	81.8	53.1	582	17.8	-	132.9	162.5	14.0	(1.8)	
100.00 (Default)	103.1	-	-	103.1	100.0	686	22.5	-	409.5	397.3	11.5	(6.4)	
Total (exposure class)	29,790.2	2,081.4	85.0	31,559.3	0.7	195,335	20.1	-	5,771.1	18.3	58.1	(17.3)	

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

12.3 UK CR6-A – Scope of the use of IRB and SA approaches

The template below sets out the scope of the use of the IRB and standardised approach (SA) as at 31 December 2025.

31 December 2025		a	b	c	d	e
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach £m	Total exposure value for exposures subject to the Standardised approach and to the IRB approach £m	Percentage of total exposure value subject to the permanent partial use of the SA %	Percentage of total exposure value subject to IRB Approach %	Percentage of total exposure value subject to a roll-out plan %
1	Central governments or central banks	-	4,192.3	100.0	-	-
1.1	<i>Of which Regional governments or local authorities</i>	-	-	-	-	-
1.2	<i>Of which Public sector entities</i>	-	-	-	-	-
2	Institutions	-	61.6	100.0	-	-
3	Corporates	-	432.0	100.0	-	-
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>	-	-	-	-	-
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>	-	-	-	-	-
4	Retail	33,064.6	35,573.2	7.0	93.0	-
4.1	<i>of which Retail – Secured by real estate SMEs</i>	-	-	-	-	-
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>	-	35,553.0	7.0	93.0	-
4.3	<i>of which Retail – Qualifying revolving</i>	-	-	-	-	-
4.4	<i>of which Retail – Other SMEs</i>	-	20.2	100.0	-	-
4.5	<i>of which Retail – Other non-SMEs</i>	-	-	-	-	-
5	Equity	-	83.2	-	100.0	-
6	Other non-credit obligation assets	-	1,018.0	84.1	15.9	-
7	Total	33,064.6	41,360.3	20.1	79.9	-

UK CR6-A – Scope of the use of IRB and SA approaches *(continued)*

31 December 2024		a	b	c	d	e
		Exposure value as defined in Article 166 CRR for exposures subject to IRB approach	Total exposure value for exposures subject to the Standardised approach and to the IRB approach	Percentage of total exposure value subject to the permanent partial use of the SA	Percentage of total exposure value subject to IRB Approach	Percentage of total exposure value subject to a roll-out plan
		£m	£m	%	%	%
1	Central governments or central banks	-	4,885.0	100.0	-	-
1.1	<i>Of which Regional governments or local authorities</i>	-	-	-	-	-
1.2	<i>Of which Public sector entities</i>	-	-	-	-	-
2	Institutions	-	392.4	100.0	-	-
3	Corporates	-	397.0	100.0	-	-
3.1	<i>Of which Corporates - Specialised lending, excluding slotting approach</i>	-	-	-	-	-
3.2	<i>Of which Corporates - Specialised lending under slotting approach</i>	-	-	-	-	-
4	Retail	30,328.5	32,874.1	7.7	92.3	-
4.1	<i>of which Retail – Secured by real estate SMEs</i>	-	-	-	-	-
4.2	<i>of which Retail – Secured by real estate non-SMEs</i>	-	32,859.8	7.7	92.3	-
4.3	<i>of which Retail – Qualifying revolving</i>	-	-	-	-	-
4.4	<i>of which Retail – Other SMEs</i>	-	14.3	100.0	-	-
4.5	<i>of which Retail – Other non-SMEs</i>	-	-	-	-	-
5	Equity	-	82.3	-	100.0	-
6	Other non-credit obligation assets	-	852.8	93.4	6.6	-
7	Total	30,328.5	39,483.6	23.2	76.8	-

12.4 UK CR7 IRB approach – Effect on the RWEAs of credit derivatives used as CRM techniques

The Group does not use credit derivatives under the IRB approach to mitigate credit risk therefore this template has not been presented.

12.5 UK CR7-A IRB approach – Disclosure of the extent of the use of CRM techniques

The Group does not use credit risk mitigation techniques under the IRB approach therefore this template has not been presented.

12.6 UK CR8 – RWEA flow statements of credit risk exposures under the IRB approach

The template below sets out the flow statement of credit risk RWAs under the IRB approach for retail mortgage exposures, as prescribed by the PRA, over the period from 30 September 2024 to 31 December 2025. The RWAs do not match with the amounts presented in row 5 of template UK OV1 for the credit risk exposures measured under the IRB approach as this also includes RWAs for non-credit obligation assets of £159.9m (30 September 2025: £56.5m).

	a
	Risk weighted exposure amount quarter to 31 December 25
	£m
Risk weighted exposure amount as at the end of the previous reporting period	5,998.9
Asset size (+/-)	116.6
Asset quality (+/-)	96.8
Model updates (+/-)	-
Methodology and policy (+/-)	-
Acquisitions and disposals (+/-)	-
Foreign exchange movements (+/-)	-
Other (+/-)	(7.2)
Risk weighted exposure amount as at the end of the reporting period	6,205.1

The credit risk RWAs under the IRB approach for retail mortgage exposures increased by £206.2m in the quarter to £6,205.1m (30 September 2025: £5,998.9m). The increase in RWAs is principally driven by growth in the mortgage book as the RWAs in the quality of the mortgage book remained relatively stable compared to the previous quarter. The movement in 'Other differences' is driven by to the re-categorisation of the Effective Interest Weight (EIR) accounting adjustment as a non-credit obligation asset.

12.7 UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale)

31 December 2025							
a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate	Exposures weighted average PD	Average PD	Average historical annual default rate
			Of which number of obligors which defaulted in the year				
				%	%	%	%
	0.00 to <0.15	55,425	31	0.06	0.09	0.09	0.04
	0.00 to <0.10	29,255	16	0.05	0.06	0.06	0.04
	0.10 to <0.15	26,170	15	0.06	0.13	0.12	0.03
	0.15 to <0.25	76,467	47	0.06	0.20	0.20	0.06
	0.25 to <0.50	46,806	81	0.17	0.32	0.33	0.21
	0.50 to <0.75	5,248	29	0.55	0.58	0.59	0.74
	0.75 to <2.50	4,105	61	1.49	1.19	1.20	1.29
Retail exposures-non-SME secured by immovable property collateral	0.75 to <1.75	3,521	48	1.36	1.05	1.06	1.07
	1.75 to <2.5	584	13	2.23	2.10	2.06	2.45
	2.50 to <10.00	1,038	87	8.38	5.12	4.95	5.61
	2.5 to <5	627	38	6.06	3.54	3.48	3.94
	5 to <10	411	49	11.92	7.15	7.19	8.32
	10.00 to <100.00	1,030	317	30.78	36.57	36.30	29.15
	10 to <20	331	53	16.01	14.47	14.18	13.35
	20 to <30	164	29	17.68	24.93	24.56	20.55
	30.00 to <100.00	535	235	43.93	54.69	53.59	42.89
	100.00 (Default)	612	564	-	100.0	100.0	-

The Society continues to work with the PRA to update its IRB rating system to meet the latest regulatory requirements. Until the new IRB rating system is approved a temporary model adjustment (TMA) is applied to the Society’s regulator-approved IRB model output at portfolio level. The TMA uplifts the expected loss (EL) and RWAs to the level expected in the revised IRB models.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CR9 – IRB approach – Back-testing of PD per exposure class (fixed PD scale) (continued)

31 December 2024							
a	b	c	d	e	f	g	h
Exposure class	PD range	Number of obligors at the end of previous year		Observed average default rate	Exposures weighted average PD	Average PD	Average historical annual default rate
			Of which number of obligors which defaulted in the year				
				%	%	%	%
	0.00 to <0.15	70,101	31	0.04	0.09	0.09	0.03
	0.00 to <0.10	38,645	16	0.04	0.06	0.06	0.03
	0.10 to <0.15	31,456	15	0.05	0.12	0.13	0.02
	0.15 to <0.25	71,149	54	0.08	0.20	0.19	0.06
	0.25 to <0.50	32,625	70	0.21	0.32	0.32	0.19
	0.50 to <0.75	3,708	34	0.92	0.59	0.60	0.73
	0.75 to <2.50	3,435	45	1.31	1.20	1.25	1.25
Retail exposures- non-SME	0.75 to <1.75	2,902	33	1.14	1.05	1.09	1.07
secured by immovable property collateral	1.75 to <2.5	533	12	2.25	2.07	2.09	2.20
	2.50 to <10.00	962	59	6.13	4.97	4.85	4.79
	2.5 to <5	605	22	3.64	3.46	3.44	3.42
	5 to <10	357	37	10.36	7.20	7.23	7.01
	10.00 to <100.00	941	310	32.94	35.90	36.93	27.77
	10 to <20	276	43	15.58	14.42	14.14	12.05
	20 to <30	173	35	20.23	24.48	24.85	20.15
	30.00 to <100.00	492	232	47.15	53.26	53.97	41.29
	100.00 (Default)	477	456	-	100.00	100.00	-

12.8 UK CR9.1 – IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)

The Group does not apply point (f) of Article 180(1) of the UK CRR for PD estimation and therefore this template has not been presented.

13 Specialised lending and equity exposures

13.1 Specialised lending

The Group does not use the slotting approach to specialised lending therefore the following templates are not presented:

- UK CR10.1 Specialised lending: Project finance (Slotting approach);
- UK CR10.2 Specialised lending: Income-producing real estate and high volatility commercial real estate (Slotting approach);
- UK CR10.3 Specialised lending: Object finance (Slotting approach); and
- UK CR10.4 Specialised lending: Commodities finance (Slotting approach).

13.2 UK CR10.5 – Equity exposures under the simple risk-weighted approach

The template below sets out the Group’s equity exposures under the simple risk-weighted approach as at 31 December 2025. The exclusion on consolidation of the subsidiaries set out on page 24 in UK LIB has resulted in a small increase in the Group’s equity exposures since 31 December 2024. These exposures represent the Group’s cost of investment in the entities which are outside the regulatory group, as outlined in section 4.4 (a).

31 December 2025							
Categories	a	b	c	d	e	f	
	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount	
	£m	£m		£m	£m	£m	
Private equity exposures	-	-	190%	-	-	-	
Exchange-traded equity exposures	-	-	290%	-	-	-	
Other equity exposures	82.3	-	370%	82.3	304.5	2.0	
Other equity exposures	-	0.9	250%	0.9	2.3		
Total	82.3	0.9	11.0	83.2	306.8	2.0	

30 June 2025							
Categories	a	b	c	d	e	f	
	On-balance sheet exposure	Off-balance sheet exposure	Risk weight	Exposure value	Risk weighted exposure amount	Expected loss amount	
	£m	£m		£m	£m	£m	
Private equity exposures	-	-	190%	-	-	-	
Exchange-traded equity exposures	-	-	290%	-	-	-	
Other equity exposures	82.3	-	370%	82.3	304.5	2.0	
Total	82.3	-		82.3	304.5	2.0	

14 Counterparty Credit Risk

Counterparty credit risk (CCR) resulting from derivatives and repurchase transactions is calculated under the standardised approach.

The Group holds regulatory capital in order to cover potential losses which could arise if the counterparties to its derivative contracts or repurchase transactions fail to meet their financial obligations before the maturity date; this is known as CCR. This assessment places a valuation on the risk that the counterparty will default on its obligations before the maturity of the contract. In addition to this, the CRD V requires additional regulatory capital to be held to protect the Group from exposure to potential mark-to-market losses that could arise if the creditworthiness of those same counterparties were to deteriorate; this is known as a CVA risk.

14.1 UK CCRA – Qualitative disclosure related to CCR

a) The methodology used to assign internal capital and credit limits for counterparty credit exposures Article 439 (a) CRR

The Group regularly reviews and closely monitors the number of counterparties to whom it will lend. For those counterparties with existing exposures, the Group, reviews both the amount and duration of any limits. The Group also reviews the exposures to counterparties resulting from derivative and repurchase transactions as part of this assessment. Netting and collateralisation agreements are used to reduce counterparty credit exposure; these are discussed further in section 10.

Counterparty credit limits are allocated using a combination of external credit ratings and an internal credit assessment, which together determine limits based upon a percentage of the Group's capital. The processes for limit allocation and credit assessment are documented within the Treasury Policy. ALCO provides oversight to the effectiveness of wholesale credit risk management. Changes to wholesale credit risk are monitored by the GWCC through the review of financial performance and changes in external credit ratings.

The GWCC also monitors the performance of mortgages underlying securitisation positions, including total losses, defaults and reserve funds. Impairment testing and more severe stress testing are performed regularly. The adequacy of collateral securing covered bonds held by the Society is also reviewed on a semi-annual basis.

The Group's treasury investments are held to provide liquidity and 99.9% (2024: 99.9%) of these investments, excluding exposures to a central clearing house used to clear derivatives to manage interest rate risk in line with regulation, are rated A3 or better. The Group's policy is that initial investments in treasury assets are A3 or better (with the exception of some unrated building societies where a separate credit analysis is undertaken).

If the credit rating for an exposure is downgraded such that it no longer meets this rating criteria, the GWCC considers the circumstances behind the change in risk, the maturity and value of the outstanding exposure, and whether the exposure could be reduced or mitigated.

The Group measures derivative counterparty credit exposure values using the standardised approach for counterparty credit risk (SA-CCR). Under this method, the exposure is calculated by adding the replacement cost of the derivatives to the potential future credit exposure of all derivative relationships; the sum of which is then subject to a constant multiplier, prescribed by regulatory requirements.

Counterparty credit risk for derivatives is mitigated by using legal documentation granting legal rights of set-off for those transactions, and collateral pledged and received in respect of these derivative transactions. The Group is only permitted to receive and post cash as collateral or margin in respect of derivative exposures except for cross currency swaps used to hedge interest rate and foreign exchange risks associated with non-sterling denominated covered bonds, where high quality sovereign securities could be received by LLP.

The Group has an indirect relationship with a central counterparty to clear standardised derivatives which are subject to mandatory clearing under the EU regulatory requirements. Under central clearing, margin is exchanged on a daily basis.

b) Policies related to guarantees and other credit risk mitigants Article 439 (b) CRR

Collateral held as security for wholesale assets is determined by the nature of the instrument. Loans and debt securities are generally unsecured, with the exception of securitisation positions and covered bonds which are secured by pools of financial assets.

The Group does not currently use credit derivatives for risk mitigation in respect of wholesale credit exposures.

c) Policies with respect to Wrong-Way risk as defined in Article 291 of the CRR Article 439 (c) CRR

Wrong-way risk may occur when the credit risk related to an exposure to a counterparty is adversely correlated with the credit quality of the counterparty. The Group has immaterial exposure to this type of risk as it currently only accepts cash or high-quality sovereign debt securities as collateral.

d) Any other risk management objectives and relevant policies related to CCR Article 431 (3) and (4) CRR

As part of liquidity management, repurchase transactions are occasionally entered into by the Group with another counterparty. Under these transactions, highly rated securities are sold to another counterparty in return for cash, with an agreement to repurchase these assets at an agreed price at a later date. Counterparty credit exposure can therefore result if the cash received by the Group is less than the market value of the assets.

For repurchase agreements, the Global Master Repurchase Agreement document is utilised to mitigate credit risk. Valuations are agreed with the relevant counterparties and collateral is then exchanged in order to bring the credit exposure within agreed tolerances.

At the reporting date, the Group's exposure to CCR from this type of transaction was £0.6m (2024: £0.6m).

e) The amount of collateral the institution would have to provide if its credit rating was downgraded Article 439 (d) CRR

If the Society's credit ratings were downgraded, there would be no impact on the collateral required to be posted in relation to existing swap agreements, other than the asset swap being provided by the Society to LLP and the Balance Guaranteed Swap provided by the Society to Darrowby No. 6 plc. Under the LCR, the Society holds contingent liquidity equivalent to the collateral which it would have to provide following a 3-notch downgrade.

14.2 UK CCR1 – Analysis of CCR exposure by approach

The templates below sets out the methods and parameters used to calculate the CCR regulatory requirements.

31 December 2025		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		£m	£m	£m	α	£m	£m	£m	£m
UK1	Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	28.9	12.2		1.4	86.7	57.2	57.2	28.6
2	IMM (for derivatives and SFTs)				-				
2a	<i>Of which securities financing transactions netting sets</i>								
2b	<i>Of which derivatives and long settlement transactions netting sets</i>								
2c	<i>Of which from contractual cross-product netting sets</i>								
3	Financial collateral simple method (for SFTs)					32.7	32.7	32.7	0.1
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					119.4	89.9	89.9	28.7

Note

- The SFT exposure rose from £7.4m at June 2025 to £32.7m at December 2025. This £25.3m increase is attributable to changes in repo drawings under the Bank of England’s Indexed Long-Term Repo (ILTR) funding facility.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK CCR1 – Analysis of CCR exposure by approach *(continued)*

30 June 2025		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
		£m	£m	£m	a	£m	£m	£m	£m
UK1	Original Exposure Method (for derivatives)	-	-		1.4	-	-	-	-
UK2	Simplified SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
1	SA-CCR (for derivatives)	25.7	12.0		1.4	66.0	51.9	51.9	25.9
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
2a	<i>Of which securities financing transactions netting sets</i>			-		-	-	-	-
2b	<i>Of which derivatives and long settlement transactions netting sets</i>			-		-	-	-	-
2c	<i>Of which from contractual cross-product netting sets</i>			-		-	-	-	-
3	Financial collateral simple method (for SFTs)					7.4	7.4	7.4	0.2
4	Financial collateral comprehensive method (for SFTs)					-	-	-	-
5	VaR for SFTs					-	-	-	-
6	Total					73.4	59.3	59.3	26.1

14.3 UK CCR2 – Transactions subject to own funds requirements for CVA risk

The template below sets out the capital charge which is calculated from CCR exposure.

		a	b	a	b
		Exposure value	RWEA	Exposure value	RWEA
		31 Dec 25	31 Dec 25	30 Jun 25	30 Jun 25
		£m	£m	£m	£m
1	Total transactions subject to the Advanced method	-	-	-	-
2	(i) VaR component (including the 3x multiplier)		-		-
3	(ii) stressed VaR component (including the 3x multiplier)		-		-
4	Transactions subject to the Standardised method	57.2	85.7	51.9	74.1
UK4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	-	-	-	-
5	Total transactions subject to own funds requirements for CVA risk	57.2	85.7	51.9	74.1

14.4 UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

The template below shows an analysis of counterparty credit risk exposures by exposure class as at 31 December 2025.

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		Risk weight											Total exposure value
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	32.0	-	-	-	-	-	-	-	-	-	-	32.0
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	426.8	-	-	0.7	57.2	-	-	-	-	-	484.7
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	32.0	426.8	-	-	0.7	57.2	-	-	-	-	-	516.7

UK CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights *(continued)*

30 June 2025		a	b	c	d	e	f	g	h	i	j	k	l
Exposure classes		Risk weight											Total exposure value £m
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
		£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Central governments or central banks	6.9	-	-	-	-	-	-	-	-	-	-	6.9
2	Regional government or local authorities	-	-	-	-	-	-	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-	-	-	-	-	-	-
6	Institutions	-	423.9	-	-	0.5	51.9	-	-	-	-	-	476.3
7	Corporates	-	-	-	-	-	-	-	-	-	-	-	-
8	Retail	-	-	-	-	-	-	-	-	-	-	-	-
9	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-
10	Other items	-	-	-	-	-	-	-	-	-	-	-	-
11	Total exposure value	6.9	423.9	-	-	0.5	51.9	-	-	-	-	-	483.2

14.5 UK CCR4 – IRB approach – CCR exposures by exposure class and PD scale

The Group does not have counterparty credit risk exposures under the IRB approach therefore this template has not been presented.

14.6 UK CCR5 – Composition of collateral for CCR exposures

Template UK CCR5 disclosure is only required under Article 439 (e) of the PRA Rulebook if both the fair value of collateral posted in the form of debt securities and the fair value of collateral received in that form exceed £125.0 billion. The Group does not exceed this threshold and therefore this template has not been presented.

14.7 UK CCR6 – Credit derivatives exposures

The Group does not use credit derivatives to mitigate credit risk therefore this template has not been presented.

14.8 UK CCR7 – RWEA flow statements of CCR exposures under the IMM

The Group does not use the Internal Model Method (IMM) for CCR exposures therefore this template has not been presented.

14.9 UK CCR8 – Exposures to QCCPs

The template below sets out the exposures by qualifying central counterparty (QCCP) and related capital requirements as at 31 December 2025.

31 December 2025		a	b
		Exposure value £m	RWEA £m
1	Exposures to QCCPs (total)		8.5
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	426.8	8.5
3	(i) OTC derivatives	426.8	8.5
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	254.6	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

UK CCR8 – Exposures to CCPs *(continued)*

30 June 2025		a	b
		Exposure value Reclassified £m	RWEA £m
1	Exposures to QCCPs (total)		8.5
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	423.9	8.5
3	(i) OTC derivatives	423.9	8.5
4	(ii) Exchange-traded derivatives	-	-
5	(iii) SFTs	-	-
6	(iv) Netting sets where cross-product netting has been approved	-	-
7	Segregated initial margin	-	
8	Non-segregated initial margin	251.6	-
9	Prefunded default fund contributions	-	-
10	Unfunded default fund contributions	-	-
11	Exposures to non-QCCPs (total)		-
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	-	-
13	(i) OTC derivatives	-	-
14	(ii) Exchange-traded derivatives	-	-
15	(iii) SFTs	-	-
16	(iv) Netting sets where cross-product netting has been approved	-	-
17	Segregated initial margin	-	
18	Non-segregated initial margin	-	-
19	Prefunded default fund contributions	-	-
20	Unfunded default fund contributions	-	-

15 Securitisation Positions

Access to wholesale funding allows the Group to diversify its funding sources and increase the term of funding to assist in managing its basis and refinance risk. The Group carries out securitisation transactions using its own mortgage assets as well as acquiring RMBS from other third parties.

15.1 UK-SECA – Qualitative disclosure requirements related to securitisation exposures

a) Securitisation and re-securitisation activities Article 449(a) CRR

The Group has an RMBS securitisation transaction, Darrowby No. 6 plc, which provides funding for the Society. The transaction has a separate pool of securitised mortgage loans, under which it originally issued £700.0m of Class A notes and £77.8m of Class B notes (the Group has fully retained the Class B notes). The transaction meets the UK's simple, transparent, and standardised (STS) criteria, and is notified as STS-compliant with the FCA.

The Group has not obtained regulatory capital relief from securitisation as significant risk transfer is not achieved. While the securitised mortgages have been legally sold, they do not meet the de-recognition criteria for accounting purposes.

In addition, the Group invests in senior, high-quality, liquid securitisation tranches originated by third parties. Those securitisation tranches that are STS-compliant will also contribute to the Society's HQLA position to meet its regulatory liquidity requirements.

The Group does not have any synthetic securitisations or any re-securitisations.

b) The type of risk the Group are exposed to in their securitisation and re-securitisation activities Article 449(b) CRR

i) risk retained in own-originated transactions;

Darrowby No. 6 plc issued £700.0m STS-compliant AAA rated Class A notes and £77.8m unrated Class B notes. As at 31 December 2025, the Society held £168.9m of the Class A notes and all of the Class B notes. Significant risk transfer has not been achieved in relation to the Darrowby No. 6 plc securitisation, meaning the Group retains substantially all credit risk on the underlying mortgage pool.

The Class B notes provide subordination that, together with the general reserve, provides the credit enhancement required to maintain the Aaa/AAA (Moody's/Fitch) rating of the Class A notes. The Group is under no obligation to support any losses that may be incurred by the securitisation transaction or noteholders. Noteholders are only entitled to receive payment of principal and interest to the extent that resources of the Darrowby No. 6 plc transaction allow.

ii) Risk incurred in relation to transactions originated by third parties

In line with the Board risk appetite, the Group's Treasury Policy restricts securitisation investments to AAA rated tranches where the underlying collateral must consist solely of UK assets.

This exposes the Society to risks associated with underlying borrower credit quality, price movements in housing markets, lenders' underwriting policies, servicers' capabilities, and the credit quality of counterparties providing services to the securitisations (e.g. swap counterparties). These risks are mitigated by credit enhancement and other structural features. As at 31 December 2025, 100% of purchased securitisation positions are STS-compliant (31 December 2024: 100%).

c) Approaches to calculating the risk-weighted exposure amounts Article 449(c) CRR

The Group has opted to use the External Ratings Based Approach (SEC-ERBA) method to calculate capital requirements for all of its securitisation exposures.

Due diligence confirms that the criteria for assessing RWA are met and is performed prior to purchasing any securitisation positions, including STS compliance.

d) A list of SSPEs Article 449(d) CRR

(i) SSPEs which acquire exposures originated by the Group;

The Group does not have any Securitisation Special Purpose Entities (SSPEs) of this nature.

(ii) SSPEs sponsored by the Group;

The Group does not have any SSPEs of this nature.

(iii) SSPEs and other legal entities for which the Group provide securitisation-related services, such as advisory, asset servicing or management services;

The Group does not have any SSPEs of this nature.

(iv) SSPEs included in the Group's regulatory scope of consolidation

Darrowby No. 6 plc is included in the Group's regulatory scope of consolidation.

e) Legal entities that the Group have provided support in accordance with Chapter 5 of Title II of Part Three CRR Article 449(e) CRR

This provision relates to the calculation of risk-weighted exposure amounts under the standardised approach therefore, this is not applicable in the context of Darrowby No. 6 plc.

f) Legal entities affiliated with the Group and that invest in securitisations originated by the Group or in securitisation positions issued by SSPEs sponsored by the Group Article 449(f) CRR

There are no legal entities of this nature affiliated with the Group.

g) Accounting policies for securitisation activity, Article 449(g) CRR

While the securitised mortgages in Darrowby No. 6 plc have been legally sold, they do not meet the de-recognition criteria for accounting purposes (the Group substantially retains the risk and rewards) and as such, the Group continues to recognise the mortgages on the balance sheet.

Purchased securitisation positions are accounted for as fair value through other comprehensive income (FVOCI) in line with the Group's Accounting Policy.

h) The names of the ECAs used for securitisations and the types of exposure for which each agency is used Article 449(h) CRR

For investment in securitisations originated by third parties, the Group's Treasury Policy requires securitisation positions to have an Aaa/AAA rating (Moody's/Fitch).

Issuance from the Darrowby No. 6 plc securitisation have two ratings from the following ECAs: Moody's and Fitch.

i) Internal Assessment Approach Article 449(i) CRR

Not applicable as the Group has adopted the SEC-ERBA approach.

15.2 UK SEC1 – Securitisation exposures in the non-trading book

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Institution acts as originator							Institution acts as sponsor				Institution acts as investor			
		Traditional			Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total	
		STS		Non-STS	of which SRT	of which SRT		STS	Non-STS			STS	Non-STS			
£m	of which SRT	£m	£m				£m	£m	£m	£m	£m	£m	£m	£m	£m	
1	Total exposures	233.9	-	-	-	-	-	233.9	-	-	-	-	618.4	-	-	618.4
2	Retail (total)	233.9	-	-	-	-	-	233.9	-	-	-	-	618.4	-	-	618.4
3	residential mortgage	233.9	-	-	-	-	-	233.9	-	-	-	-	618.4	-	-	618.4
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK SEC1 – Securitisation exposures in the non-trading book *(continued)*

30 June 2025		a	b		c		d	e	f	g	h		i	j	k	l		m	n	o
		Institution acts as originator								Institution acts as sponsor				Institution acts as investor						
		Traditional						Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total		
		STS			Non-STS			of which SRT	Sub-total		STS	Non-STS			Sub-total	STS			Non-STS	Sub-total
		£m	of which SRT	£m	£m	of which SRT	£m			£m			£m	£m			£m	£m		
1	Total exposures	257.3	-	-	-	-	-	-	257.3	-	-	-	-	-	-	642.2	-	-	-	642.2
2	Retail (total)	257.3	-	-	-	-	-	-	257.3	-	-	-	-	-	-	642.2	-	-	-	642.2
3	residential mortgage	257.3	-	-	-	-	-	-	257.3	-	-	-	-	-	-	642.2	-	-	-	642.2
4	credit card	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

15.3 UK SEC2 – Securitisation exposures in the trading book

The Group does not have a trading book therefore this template has not been presented.

15.4 UK SEC3 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as originator or as sponsor

The Group has one securitisation outstanding as at 31 December 2025, originated through Darrowby No.6 plc. No capital relief under the securitisation framework applies, as significant risk transfer (SRT) has not been achieved. Capital is therefore held against the underlying mortgages on the balance sheet using the credit risk rules. Consequently, this template has not been presented.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

15.5 UK SEC4 – Securitisation exposures in the non-trading book and associated regulatory capital requirements – The Group acting as investor

31 December 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA(by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	618.4	-	-	-	-	-	618.4	-	-	-	61.8	-	-	-	4.9	-	-
2	Traditional securitisation	618.4	-	-	-	-	-	618.4	-	-	-	61.8	-	-	-	4.9	-	-
3	Securitisation	618.4	-	-	-	-	-	618.4	-	-	-	61.8	-	-	-	4.9	-	-
4	Retail underlying	618.4	-	-	-	-	-	618.4	-	-	-	61.8	-	-	-	4.9	-	-
5	Of which STS	618.4	-	-	-	-	-	618.4	-	-	-	61.8	-	-	-	4.9	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

30 June 2025		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)				RWEA(by regulatory approach)				Capital charge after cap			
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250%/ deductions
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1	Total exposures	642.2	-	-	-	-	-	642.2	-	-	-	64.2	-	-	-	5.1	-	-
2	Traditional securitisation	642.2	-	-	-	-	-	642.2	-	-	-	64.2	-	-	-	5.1	-	-
3	Securitisation	642.2	-	-	-	-	-	642.2	-	-	-	64.2	-	-	-	5.1	-	-
4	Retail underlying	642.2	-	-	-	-	-	642.2	-	-	-	64.2	-	-	-	5.1	-	-
5	Of which STS	642.2	-	-	-	-	-	642.2	-	-	-	64.2	-	-	-	5.1	-	-
6	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Of which STS	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Synthetic securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Retail underlying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Wholesale	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Re-securitisation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

15.6 UK SEC5 – Exposures securitised by the institution - Exposures in default and specific credit risk adjustments

The template below sets out the exposures securitised by the Group acting as originator.

31 December 2025		a		b		c	
		Exposures securitised by the institution - Institution acts as originator or as sponsor					
		Total outstanding nominal amount				Total amount of specific credit risk adjustments made during the period	
				Of which exposures in default			
		£m		£m		£m	
1	Total exposures	627.1	-	-	-	-	-
2	Retail (total)	627.1	-	-	-	-	-
3	residential mortgage	627.1	-	-	-	-	-
4	credit card	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-

30 June 2025		a		b		c	
		Exposures securitised by the institution - Institution acts as originator or as sponsor					
		Total outstanding nominal amount				Total amount of specific credit risk adjustments made during the period	
				Of which exposures in default			
		£m		£m		£m	
1	Total exposures	709.3	-	-	-	-	-
2	Retail (total)	709.3	-	-	-	-	-
3	residential mortgage	709.3	-	-	-	-	-
4	credit card	-	-	-	-	-	-
5	other retail exposures	-	-	-	-	-	-
6	re-securitisation	-	-	-	-	-	-
7	Wholesale (total)	-	-	-	-	-	-
8	loans to corporates	-	-	-	-	-	-
9	commercial mortgage	-	-	-	-	-	-
10	lease and receivables	-	-	-	-	-	-
11	other wholesale	-	-	-	-	-	-
12	re-securitisation	-	-	-	-	-	-

16 Standardised approach and internal model for market risk

This section sets out the Group's market risk approach.

16.1 UK MRA – Qualitative disclosure requirements related to market risk

a) The Group's strategies and processes to manage market risk (Points (a) and (d) of Article 435 (1) CRR)

The Group does not have a trading book and therefore is only exposed to market risk from our banking book. Market risk is the risk of losses resulting from adverse movements in market indices, such as interest rates and foreign exchange rates. These losses may arise given the impact on the Group's net interest income or the economic value of the Group's assets and liabilities.

The majority of the Group's exposure to market risk arises from interest rate risk resulting from the mismatch between repricing dates of the Group's interest-bearing assets and liabilities, principally fixed rate mortgages and retail savings. The Group is also exposed to basis risk, where assets and liabilities reprice using different market rates, and optionality risk resulting from customer behaviour given options available in products offered by the Group (e.g. the option to repay fixed mortgages early). Foreign exchange risk is not a material risk given the majority of the Group's balance sheet is denominated in GBP.

The Group's Treasury function undertakes hedging activities, such as transacting interest rate swaps or cross currency swaps when raising wholesale funding in currencies other than GBP, to reduce the impact of market risks. Market risk is managed within limits defined by the BRC, which are reviewed and approved on an annual basis as part of the Treasury Policy. The ALCO is responsible for ensuring the Group operates within the Board's risk appetite for market risk and IRRBB.

Metrics and stress testing used to measure the impact of market risk, including monitoring of compliance with the Board's risk appetite for market risk and interest rate risk, are monitored weekly and reported to the ALCO on a monthly basis. The methodologies and assumptions used in models to measure the impact of market risk are reviewed and approved by the ALCO on at least an annual basis.

b) The structure and organisation of the market risk management function Point (b) of Article 435 (1) CRR

The Board is responsible for setting the Society's risk appetite for market risk and interest rate risk, which is defined within the Treasury Policy. Market risks are then overseen by the ALCO to ensure the Society remains within the Board's risk appetite, with the day-to-day management of market risk delegated to the Group Treasury team. The Group's Prudential and Enterprise Risk team provide second line assurance of the management of market risk, and are independent of the Group Treasury team.

c) Scope and nature of risk reporting and measurement systems Point (c) of Article 435 (1) CRR

The Group's appetite for market risk is low, with the main exposure resulting from IRRBB. IRRBB is the risk to the Group's earnings and economic value resulting from adverse movements in interest rates. The Group allocates capital for market risks as part of the ICAAP.

A series of regulatory and internally defined measures and stress tests are used to measure, monitor and manage the impact of IRRBB. These measures include economic value sensitivity, net interest income sensitivity, economic value of equity sensitivity, value at risk, earnings at risk, net margin duration mismatch and additional stress and scenario testing of extreme but plausible events.

Further details on the Group management of interest rate risks can be found in section 17.

16.2 UK MR1 – Market risk under the standardised approach

The Group's exposure to foreign currency risk is calculated in accordance with Article 83 of the CRD V and is below the 2% de minimis limit (2% of total own funds) in accordance with Article 351 of the UK CRR, therefore the values have been set to nil and template UK MR1 has not been presented.

16.3 Information on the internal Market Risk Models

The Group does not use the Internal Model Approach (IMA) for market risk and therefore the following templates have not been presented:

- UK MRB – Information on the internal Market Risk Models;
- UK MR2-A – Market risk under the IMA;
- UK MR2-B – RWEA flow statements of market risk exposures under the IMA;
- UK MR3 – IMA values for trading portfolios; and
- UK MR4 – Comparison of Value at Risk (VaR) estimates with gains/losses.

17 Exposures to Interest Rate Risk on Positions Not Held in the Trading Book (IRRBB)

The main market risk faced by the Group is interest rate risk which is the risk of loss arising from adverse movements in market interest rates.

The Group uses a number of different approaches to monitor interest rate risk which are set out below.

17.1 UK IRRBBA – IRRBB risk management objectives and policies

a) How the Group defines, measures, mitigates and controls IRRBB for the purposes of risk control and measurement.

Interest rate risk is defined as the risk to the Group's net interest income or the economic value of the balance sheet resulting from adverse movements in market interest rates and the associated customer behaviour (i.e. optionality risk). The Group's interest rate risk arises from its banking book as it does not have a trading book.

The Group's interest rate risk appetite is defined by the Board. Responsibility is delegated to the ALCO to ensure the Group's exposure to IRRBB is managed within the Board's risk appetite.

IRRBB is managed within the Group's risk framework, which includes policies and strategies for managing interest rate risk along with limits and measures used to monitor and manage the Group's exposure to IRRBB. Risk metrics are monitored on a weekly basis with a monthly update of all measures provided to the ALCO. Governance and controls are also in place for systems used to measure IRRBB and associated models.

The day-to-day management of interest rate risk is delegated to Group Treasury. The management of IRRBB is subject to second line oversight and challenge by the Group Prudential and Enterprise Risk team and third line assurance provided by Group Internal Audit.

The interest rate risks the Group is exposed to include:

- interest rate risk / gap risk;
- basis risk;
- net margin duration mismatch risk;
- optionality risk (the risk of the take-up by customers of options available in products offered by the Group (e.g. the early repayment of fixed mortgages)); and
- swap spread risk (for securities held as liquidity which have been hedged to manage interest rate risk).

b) The Group's overall IRRBB management and mitigation strategies.

IRRBB is managed using a number of techniques and financial instruments to ensure the Group's exposure to interest rate risk remains within the Board's risk appetite. These include:

- matching offsetting exposures where possible;
- interest rate swaps and cross currency swaps;
- the design of products (e.g. appropriate early repayment charges);
- structural hedging of the Group's reserves;
- structural hedging of core non-maturing deposits (NMD);
- pricing strategies which reflect the techniques used to manage interest rate risks; and
- appropriate balance sheet strategy to ensure the Group remains within the Board's risk appetite.

c) The periodicity of the calculation of the Group's IRRBB measures, and a description of the specific risk measure used to gauge sensitivity to IRRBB.

Interest rate risk measures are used to quantify the impact to the Group's economic value or earnings resulting from the adverse movements in interest rates and the associated behaviour of customers. Measures used include the assessment of sensitivities to Economic Value (EV), Economic Value of Equity (EVE) and Net Interest Income (NII). All measures are monitored on a monthly basis and can be assessed more frequently if required.

The Treasury Policy defines internal risk limits for these measures, which are reviewed and approved by the BRC on at least an annual basis.

Measures used by the Group to assess IRRBB include:

- Market value sensitivity to parallel (e.g. 200bps) and non-parallel movements in interest rates;
- Historical VaR which assesses the market value sensitivity of repricing mismatches on the balance sheet to historically observed monthly yield curve movements;
- Earnings at Risk (EaR) which assesses the risk to net interest income over a 12 month horizon (assuming a static balance sheet) resulting from stochastically generated paths of future interest rates;
- Net margin duration mismatch, which assesses the impact on net interest income from funding costs rising without an associated change in either bank base rate or SONIA;
- The six EVE and two NII shocks defined by the PRA;
- The market value of treasury investments, including where swaps have been dealt to manage the interest rate risk associated with fixed rate investments (swap spread risk); and
- Target duration of structural portfolio investments.

Additional stress and scenario analysis is also undertaken, including considering the impact of optionality risk on IRRBB. The Group's capital requirements are also determined using IRRBB models for the ICAAP.

d) Interest rate shock and stress scenarios that the Group uses to estimate changes in its economic value and in earnings.

The Group determines EVE sensitivities, including the Supervisory Outlier Test, in line with the PRA's regulatory requirements on a monthly basis using the following stress scenarios.

- Parallel shock up (250 bps);
- Parallel shock down (250 bps);
- Steepener shock;
- Flattener shock;
- Short rates shock up; and
- Short rates shock down.

The impact on economic value of a parallel 2% movement in interest rates (up or down) of the operational portfolio is measured weekly against the Board's risk appetite. The impact from other scenarios, such as historical VaR which uses historically observed movement in interest rates, is also considered.

NII sensitivities are assessed monthly using the parallel shock up and parallel shock down scenarios. NII sensitivities are also assessed using the stochastically generated path of interest rates determined through the monitoring of EaR along with stress testing undertaken to define the net margin duration mismatch risk appetite, which considers the impact of funding costs rising using the balance sheet forecast.

e) Key modelling and parametric assumptions used in calculating change in economic value of equity (Δ EVE) and change in net interest income (Δ NII) in Template UK IRRBB1.

Change in Economic Value of Equity (Δ EVE) assumptions

The key assumptions used when assessing the Δ EVE sensitivities are in line with the PRA regulatory guidance and include:

- The Δ EVE sensitivities are determined by taking the present value of asset and liability cash flows in the base scenario from the present value of cash flows in the shock scenario;
- The balance sheet is modelled on a run-off basis over the remaining expected duration of assets and liabilities at the reporting date;
- Equity is excluded from the sensitivity calculation;
- As the exclusion of equity leaves a portfolio of unhedged assets, which are matched by equity in the Group's structural portfolio, this creates a loss exposure in scenarios where rates rise;

- For shock scenarios where rates become negative, a rate floor of -100bps is applied. The floor increases by 5bps per annum for twenty years until it becomes 0%. The floor applied to the stress yield curve to be used in the calculation;
- Discounting is performed using the risk-free rate;
- NMDs are assumed to reprice overnight unless they are deemed to be core. Core balances are assumed to reprice linearly over a 4.7 year duration; and
- Cash flows are determined through applying behavioural run off profiles, e.g. fixed mortgage prepayment and conversion profiles of mortgage applications and offers, which is stressed under the six shock scenarios in line with the regulatory expectations.

Change in Net Interest Income (Δ NII) assumptions

The key assumptions used when assessing the Δ NII sensitivities are in line with the PRA regulatory guidance and include:

- A static balance sheet is assumed, with maturing assets and liabilities reinvested in equivalent products;
- The +/- 250bps parallel shocks are applied to implied forward market rates for the next year;
- The impact on NII under each sensitivity scenario is determined over a one year horizon; and
- No floor in rates is assumed, meaning any change in rates is assumed to be fully passed on to variable rate mortgage and savings products (subject to contractual floors).

f) Modelling assumptions used in the Group's internal measurement systems (IMS) for purposes other than disclosure that differ from the modelling assumptions prescribed for the disclosure in Template UK IRRBB1

Behavioural assumptions applied as the base case in the sensitivity scenarios are consistent with those used internally when assessing the impact on economic value, which are reviewed and approved by ALCO on a semi-annual basis.

Δ NII sensitivities assume that the +/- 250bps parallel shocks are fully passed on to variable assets and liabilities (subject to contractual floors) along with reinvested maturing balances, meaning customer rates can become negative. When considering the impact on NII using internal less severe scenarios, such as EaR, it is assumed that customer rates do not fall below 0bps to avoid them becoming negative.

g) How the Group hedges its IRRBB, as well as the associated accounting treatment

Where possible, asset and liabilities are offset organically to hedge interest rate risk. The remaining interest rate risk is hedged using interest rate swaps. Hedging is also used in the structural portfolio when managing a portfolio of interest bearing assets which are funded by the Group's capital reserves to stabilise earnings in line with the Board's risk appetite.

Foreign exchange risk resulting from raising wholesale funding in currencies other than GBP is hedged using cross currency swaps.

The Group's derivative financial instruments, including interest rate swaps, are measured and held at fair value within the Statement of Financial Position. The Group has elected to adopt the hedge accounting requirements of IFRS 9 for all hedge relationships covered by those requirements. As permitted under IFRS 9, the Group continues to apply the requirements of IAS 39 for derivatives designated in a portfolio fair value hedge, which is the case for the majority of the interest rate swaps held by the Group. For further details on the Group's accounting policies for derivative financial instruments see pages 233 to 239 of the Group's Annual Report and Accounts 2025.

h) Other information regarding significance and sensitivity of the IRRBB measures disclosed and/or an explanation of any significant variations in the level of the reported IRRBB since previous disclosures.

Economic Value of Equity (Δ EVE) sensitivities

Of the six EVE sensitivities, the Group's largest exposure is to the parallel up scenario, with a decline in EVE of £175.6m. The most significant driver of this sensitivity relates to structural reserves hedging, with a decline in EVE of £149.0m resulting from the exclusion of the Group's own equity (reserves and PIBS). Despite the impact on EVE, the structural hedging of reserves reduces potential volatility in the Group's net interest margin arising from changes in interest rates.

Another significant impact relates to stressing the level of prepayments on the fixed mortgage and savings books, which assumes a change in customer behaviour under the parallel up scenario and results in mismatches with existing hedging profiles. These assumptions are reviewed semi-annually and approved at the ALCO.

Net Interest Income (Δ NII) sensitivities

The parallel up sensitivity results in a reduction of NII of £29.9m due to the change in interest income earned from on-balance sheet assets and liabilities along with balance sheet hedging strategies, including the effects of the structural hedge of non-maturing deposits.

i) Average repricing maturity assigned to non-maturing deposits (NMDs).

The average repricing maturity assigned to NMDs is 0.5 years. This is based on balances which are assumed to reprice overnight (non-core) and those which have been assigned a term repricing profile (core).

j) Longest repricing maturity assigned to NMDs.

The longest repricing maturity assigned to NMDs is 5 years (60 months).

17.2 UK IRRBB1 – Quantitative information on IRRBB

The template below sets out the Group’s changes in economic value of equity (Δ EVE) and net interest income (Δ NII) under each of the prescribed interest rates shock scenarios.

In reporting currency Period	a		b		c		d		e		f	
	Δ EVE		Δ NII		Tier 1 capital							
	31 Dec 25 £m	30 Jun 25 £m										
010 Parallel shock up	(175.6)	(210.4)	(29.9)	(36.9)								
020 Parallel shock down	175.0	195.4	52.2	53.4								
030 Steepener shock	(35.8)	(56.0)										
040 Flattener shock	20.5	20.6										
050 Short rates shock up	(80.9)	(94.8)										
060 Short rates shock down	85.9	85.3										
070 Maximum	(175.6)	(210.4)	(29.9)	(36.9)								
080 Tier 1 capital									2,575.0		2,465.7	

18 Operational risk

18.1 UK ORA – Qualitative information on operational risk

a) Risk management objectives and policies Points (a), (b), (c) and(d) of Article 435(1) CRR

Strategies and processes in the management of the operational risk

Operational risk is defined by the Group as the risk of loss, resulting from inadequate or failed internal processes, people, and systems, or from external events.

The Group places high importance on the strength of the control environment and the operational risk management processes. Operational risk management is integrated with both strategic and routine business decisions and is considered a principal risk. The GRMF defines the principles, governance arrangements and accountabilities for the management of operational risk across the Group. This is supported by the Operational Risk Policy which sets out the underlying activities, responsibilities and reporting processes for the management of operational risk. The operational risk management strategy is to ensure a robust and forward-looking risk approach is in place that enables the Group to understand and manage its risks. This in turn supports business strategy and achievement of corporate objectives through informed decision making.

Structure and organisation of the operational risk management function

The Board has delegated oversight of the management of operational risk to the BRC. The role of the BRC is to ensure that there is appropriate consideration and assessment of future risks and stresses, ensuring that management continues to develop robust strategies to protect the business and its customers within approved risk appetite.

The BRC ensures that an appropriate operational risk appetite, policy and standards are in place to identify, assess, mitigate, and report on the operational risks that could impact the ability of the Group to meet its business objectives and serve our customers. Risk management awareness and understanding is embedded across the business and supported by training. Everyone is responsible for identifying, assessing, mitigating, and reporting risks, supporting a risk aware culture across the Group.

The ‘three lines of defence’ model, as set out in the Board Risk Committee Report in the Group Annual Report and Accounts 2025 on page 97, is followed for the management of risk across the Group and ensures clear responsibilities for risk management, independent oversight, and appropriate segregation of duties. The first line has primary responsibility for risk management including identification of operational risks/events and implementing appropriate controls and/or actions where appropriate. The second line provides oversight, insight, advice, support, and challenge across the Group in identifying and mitigating risk and implementing the operational risk framework and policy in line with Board risk appetite statements. The third line provides independent assurance on the effectiveness of first and second line activities, specifically providing assurance that the processes and systems of internal control are operating effectively.

Policies for hedging and mitigating the operational risk

The GRMF is reviewed on a regular basis to ensure it remains effective. The approach taken supports the embedding of a risk aware management culture (using the “I AM Risk” approach i.e. Identification, Assessment, Mitigation and Reporting of risk) to drive the right risk management behaviours to minimise customer impact, ensure good outcomes, achieve corporate objectives, and protect the Group’s prudential and non-financial obligations. Root cause analysis is a key element of the operational risk management and is used to identify the underlying issue(s) that may result, or have resulted, in a risk crystallising. This process ensures causes are identified, considered, and reported appropriately, and that associated corrective actions have been implemented to prevent the potential for recurrence.

Scope and nature of operational risk reporting

Reporting mechanisms are in place to provide timely, accurate and meaningful reports which share relevant data and information about the identification, assessment, monitoring, and management of risks across the Group.

Oversight and reporting arrangements are embedded throughout processes to prevent failures which could impact members, colleagues, or the Group. The crystallisation of risks is captured through the recording and analysis of customer outcomes, operational risk events and operational losses. This is used to identify any potential systemic weaknesses in operating processes or controls and to drive action to prevent recurrence.

In addition, external horizon scanning is completed to identify and assess potential emerging risks and threats. Operational risks and events are categorised for root cause factors as well as against the operational risk categories defined by the UK CRR. This ensures that the data can be reported externally and compared with other industry data sources.

Further information on operational risk management can be found on page 51 of the Strategic Report in the Group's Annual Report and Accounts 2025.

b) Approaches for the assessment of minimum own funds requirements Article 446 CRR

The Group has adopted the standardised approach to calculate the Pillar 1 capital requirement for operational risk.

c) The AMA methodology approach used (if applicable) Article 446 CRR

The Group does not apply the Advanced Measurement Approach (AMA) for operational risk.

d) The use of insurance for risk mitigation in the Advanced Measurement Approach (if applicable) Article 454 CRR

The Group does not apply the AMA for operational risk.

18.2 UK OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

The template below sets out the Group's operational risk own funds requirement and RWAs as at 31 December 2025. As at 31 December 2025, the operational risk requirement has increased to £70.2m (31 December 2024: £67.2m) driven by an increase in the Group's underlying income over a three year period.

31 December 2025		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		a	b	c		
		2023	2024	2025	£m	£m
Banking activities		£m	£m	£m	£m	£m
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	596.0	552.3	572.4	70.2	877.9
3	<i>Subject to TSA:</i>	596.0	552.3	572.4	-	-
4	<i>Subject to ASA:</i>	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

31 December 2024		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		a	b	c		
		2022	2023	2024	£m	£m
		£m	£m	£m	£m	£m
1	Banking activities subject to basic indicator approach (BIA)	-	-	-	-	-
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	490.6	596.0	552.3	67.2	840.5
3	<i>Subject to TSA:</i>	490.6	596.0	552.3	-	-
4	<i>Subject to ASA:</i>	-	-	-	-	-
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

19 Remuneration policy

19.1 UK REMA – Remuneration policy

a) Information relating to the bodies that oversee remuneration:

(i) Name, composition and mandate of the main body

Membership and responsibilities of the Board Remuneration Committee (Board RemCo) are set out in detail in the Directors' Remuneration Report in the Group Annual Report and Accounts 2025 on pages 100 and 101. The Board RemCo also has oversight and/or responsibility for subsidiary businesses that are part of our prudential consolidation group and therefore in scope of the UK remuneration rules. This includes SIL and SBF. SIL is based in the Channel Islands and is regulated by the Guernsey Financial Services Commission. The Board of SIL has also agreed to comply with UK remuneration regulatory requirements where they do not conflict.

The Board RemCo ensures that clear remuneration policy and principles for the Society and the Group subsidiaries are set and agreed annually. For the PRA and FCA regulated businesses, the principles set out appropriate standards for remuneration design, governance, risk management, and, where applicable, remuneration for Material Risk Takers (MRTs) as defined in the Remuneration Part of the PRA Rulebook and SYSC 19D of the FCA Handbook (together the "UK remuneration rules"). The GCRO updates the Board RemCo on risk related matters and provides information and insight as part of the risk adjustment process. The Board RemCo met eight times during 2025.

The terms of reference of the Committee are available on the Society's website at www.skipton.co.uk/about-us/governance/board-committees.

Both SIL and SBF have their own Remuneration Committees which oversee their remuneration practices and ensure compliance with the Board RemCo principles and policies. The SIL Remuneration Committee comprises three non-executive directors and two of the Society's executives. They met five times during 2025. The SBF Remuneration Committee is comprised of the Chair, who is a member of the Society's senior leadership team, the SBF Chief Executive Officer and the SBF Chief Financial Officer. They met nine times during 2025.

(ii) External consultants whose advice has been sought, the body by which they were commissioned, and in which areas of the remuneration framework

Information on advice received from external consultants during the year is set out in the Directors' Remuneration Report in the Group Annual Report and Accounts 2025 on page 117.

(iii) The scope of the Groups remuneration policy

The Society's Remuneration Policy applies to all colleagues of the Society and the Board RemCo is responsible for providing oversight on the appropriateness and relevance of the Remuneration Policy and pay practices. The policy is adopted by our subsidiaries SBF and SIL. Due to SIL's regulatory position, the remuneration of the SIL MRTs is reported to the SIL Remuneration Committee, in accordance with the remuneration principles, and is approved by the Board RemCo.

(iv) Staff or categories of staff whose professional activities have a material impact on institutions' risk profile

MRTs for the Society, on both a prudential consolidation and a Society only level, are identified in accordance with the requirements of the UK remuneration rules. We identify MRTs by assessing individuals' responsibilities within their roles, and the potential material impact that role would have on the risk profile of the entities in the consolidation group or on the consolidation group as a whole. The identification is based on the qualitative and quantitative criteria set out in the UK remuneration rules together with internal criteria set by the Society.

For 2025 there were 55 MRTs (2024: 79 MRTs). Those identified as MRTs include, but are not limited to:

- Executive and non-executive directors and senior management;
- Colleagues with key functional or managerial responsibility, including senior managers of control functions such as audit and risk; and
- Other risk takers, including those identified against the Society's internally developed criteria, whose professional activities could have a material impact on the Society's risk profile.

A review of the MRT identification process, including the application of how the regulatory criteria is now applied across the consolidation group resulted in a fewer number of MRT roles being identified for 2025.

b) The design and structure of the remuneration system for identified staff

(i) The key features and objectives of remuneration policy

As a mutual organisation, our approach to pay reflects the needs of our members and is consistent with our strategy and values, whilst also being competitive in the talent market. Our ambition is to offer a fair and competitive reward package for all, encouraging the right behaviours and customer outcomes. Our remuneration package for colleagues (including MRTs) consists of fixed and variable remuneration.

Fixed Remuneration

Details on fixed remuneration and benefits for all colleagues other than non-executive directors are set out in the Directors' Remuneration Report in the Group Annual Report and Accounts 2025 on page 105.

Non-executive directors receive fees which are reviewed annually by the Non-Executive Directors' Remuneration Committee and are agreed by the Board. The Chairs and members of the BAC, the BCC, Board RemCo and BRC receive additional fees to their base non-executive director fees. The Chair and members of the Board NomCo receive no additional fees. The Group Chair's fees are reviewed and approved by the Board RemCo.

Variable Remuneration

Variable remuneration for 2025 was delivered through the following bonus plans:

- Senior Variable Pay Arrangement (SVPA) – executive directors and other members of the GEC participate in this scheme. The details of this scheme are set out on page 109 in the Directors' Remuneration Report of the Group's Annual Report and Accounts 2025;
- Society All Colleague Scheme (including control functions);
- Group Chief Internal Auditor Scheme;
- SIL Executive Bonus Scheme – this scheme rewards the SIL Executive Committee and MRTs based in Guernsey or Jersey;
- SBF Executive Bonus Scheme – this scheme rewards the SBF Executive team. SBF also operate a medium-term incentive scheme (MTIP) with Executive Directors participating in this scheme; and
- Group Long Term Incentive Plan (LTIP) – executive directors and other members of the GEC may be granted awards under this plan, which was introduced in 2025. The details of this scheme are set out in the Directors' Remuneration Report of the Group's Annual Report and Accounts 2025 on page 108.

Incentive awards for MRTs are designed to achieve an appropriate balance between the fixed and variable elements of remuneration, to support a high-performance culture and to encourage the right behaviours leading to sustainable performance within the Group's risk appetite.

The Board RemCo takes into consideration remuneration arrangements for the wider population in the Society when determining executive remuneration. The Board RemCo has, for a number of years, invited members to vote (on an advisory basis) on the Directors' Remuneration Policy every three years and takes member feedback into account when determining policy and outcomes. At the annual general meeting in 2025, members voted in favour of the introduction of the updated Directors Remuneration Policy including the introduction of the LTIP. The next member advisory vote will be presented at the annual general meeting in 2028.

(ii) The criteria used for performance measurement and ex ante and ex post risk adjustment

The potential risk implications of MRTs' remuneration are managed in a number of ways including the core design of the schemes, the monitoring of business performance against risk appetite, risk profile and the requirement for an agreed capital ratio to be met or exceeded for payments to be made.

To ensure that rewards are based on sustainable performance over a multi-year period, the Board RemCo conducts a 'sustainable performance assessment' one year after the original performance year. The Board RemCo reviews performance against the original scheme measures and considers whether the performance which generated the award has been materially sustained in line with Board expectations.

If the Board RemCo considers that performance has not been adequately maintained, an adjustment of up to 25% of the original award can be made to either current year awards or to deferred payments, subject to specific criteria. The SIL Remuneration Committee conducts the 'sustainable performance assessment' for SIL MRTs and considers whether risk adjustment should be applied to incentive outcomes.

The LTIP awards are subject to a pre-grant assessment as well as a future-looking three-year performance period, at the end of which performance against pre-determined measures will be assessed and outcomes will be confirmed.

The Society has a Risk Adjustment Policy which sets out its approach to ex-ante and ex-post risk adjustment, including malus (i.e. reduction and/or cancellation of unvested awards) and clawback (i.e. repayment or recoupment of paid/vested awards). The Risk Adjustment Policy is also adopted by SIL and SBF. Where the Board RemCo determines that risk adjustment is required, payments due from the schemes and deferred payments (if applicable) may be postponed, reduced, or cancelled for some, or all, participants. In certain circumstances, the business may need to apply clawback arrangements and require repayment of an appropriate amount of variable pay relating to the event which has occurred.

(iii) Whether the management body or the remuneration committee where established reviewed the Group's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration

The Society's Remuneration Policy and Principles are reviewed on an annual basis by the Board RemCo who undertook a detailed review of the Directors' Remuneration Policy, in conjunction with members who were consulted and voted in favour of the changes, and agreed to the updates to take effect from 2025.

As part of this review, the structure of variable pay was assessed with a view to future-proofing the Society's ability to remain competitive in the market for executive talent and ensure focus on long term objectives. The Directors' Remuneration Policy was amended to introduce an LTIP for the executive directors and selected members of the Group Executive Committee. The scheme has a maximum opportunity of 75% of base salary for achieving stretching performance over three years. In exceptional circumstances, the Board RemCo may make an LTIP grant of up to 125% of base salary. During 2025 nine colleagues received an LTIP award.

(iv) How the Group ensures that staff in internal control functions are remunerated independently of the businesses they oversee

For MRTs in control functions (Risk and Internal Audit), colleagues in annual bonus plans have targets and measures weighted more or exclusively on personal performance to ensure the remuneration for these individuals is independent from the areas they oversee, with no financial or other metric directly linked to the business areas they control.

(v) Policies and criteria applied for the award of guaranteed variable remuneration and severance payments

Guaranteed variable remuneration is only awarded in exceptional circumstances and is always limited to new hires in the first year of service. Any guaranteed payments made would follow the requirements of the UK remuneration rules.

Any severance payments are made in accordance with contractual or other statutory entitlements and do not reward failure or misconduct.

c) The ways in which current and future risks are taken into account in the remuneration processes

The potential risk implications of MRTs' remuneration are managed in a number of ways including the core design of SVPA and senior leaders' schemes, the monitoring of business performance against risk appetite, risk profile and the requirement for an agreed capital ratio to be met or exceeded for payments to be made.

The Board RemCo retains ultimate discretion over all aspects of remuneration and has full oversight of bonus schemes operated by the Group. This includes the authority to review, amend, or withhold awards where necessary to ensure compliance with policy and regulatory requirements.

On an annual basis, the Board RemCo also seeks confirmation from the BRC of how the Society, Group and executive directors have performed in relation to the risk objectives, risk profile and risk appetites set for the performance year, considering the context and impact of operational decisions. The Board RemCo also considers the views of the BRC and the BAC on whether there are any material issues to consider, (e.g. a significant risk failing, regulatory breach or material error), which may trigger malus or an adjustment to the outcome of the schemes. In such situations, the Board RemCo has the discretion to postpone, reduce or cancel current year or deferred payments or to claw back payments already made.

d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD

A ratio of 4:1 was set for the year ending 31 December 2025. All variable remuneration awarded to MRTs was firmly within this ratio, as the Society's annual bonus scheme maximums do not exceed 50% of basic salary. The Board RemCo has the discretion to award above 50% in exceptional circumstances. The SIL Executive Scheme has a maximum of 60% of basic salary and the SBF Executive Scheme a maximum of 30% of basic salary in respect of the Chief Executive, all other participants have a maximum of 25%. In addition, SBF have a MTIP in operation whereby the maximum award available across both schemes do not exceed 65%. The Group LTIP grant did not exceed 75% of base salary.

e) The ways in which the Group seeks to link performance during a performance measurement period with levels of remuneration

(i) The main performance criteria and metrics for the Group, business lines and individuals

For the Society, measures included in the SVPA and LTIP schemes for the GEC, including executive directors, and the All Colleague Scheme maintain a clear link between the bonus plans and how they support and re-enforce business strategy.

The measures used to calculate outcomes under the SVPA scheme, in which the executive team participates, are selected because they directly support the Society's strategic priorities and sustainability goals as set out in the Corporate Plan. The targets set for each measure are determined independently by the Board RemCo to ensure that the executive team is only rewarded for achieving demanding business goals. The total incentive opportunity is apportioned across four main elements:

- **Financial Measures** – including Group and Society profit before tax, and Society administrative expenses;
- **Customer Growth Measures** – including Society net customer satisfaction;
- **ESG Dashboard** – including measures to achieve our diversity targets, and our desired colleague engagement and culture; and
- **Personal Objectives** – including what has been delivered and how it has been delivered.

More details on the SVPA can be found in the Directors' Remuneration Report in the Group's Annual Report and Accounts 2025 on pages 109 and 115.

The key measures and targets featured in the SVPA are cascaded through the Society All Colleague schemes. This common structure helps build a shared commitment to our purpose and strategy and ensures colleagues at all levels in the Society are rewarded in a way that recognises our collective success. Personal performance is also rewarded, again taking into consideration what has been delivered and how, measured against the Society's individual conduct and behaviours framework. The weightings for this scheme differ to the SVPA scheme to recognise the different focus between the executive, senior leader and colleague roles.

The measures used to calculate the outcomes under the LTIP scheme, under which the executive team may receive grants are selected as they directly support the Society's long-term strategic priorities. The targets set for each measure are determined independently by the Board RemCo to ensure that the executive team is only rewarded for achieving demanding business goals. The total incentive opportunity is apportioned across two main elements:

- Financial – Adjusted Group profit after tax and Growth in mortgage balances.
- Basket of strategic milestones (linked to corporate plan) and Risk scorecard.

Further details of the measures, targets and performance outcomes for 2025 can be found in the Directors' Remuneration Report set out in the Annual Report and Accounts 2025 on pages 100 to 117.

The Society must meet minimum performance thresholds before any of the schemes will pay out. If these thresholds are not met, then bonus amounts could be adjusted or reduced to zero. The Board RemCo must also be satisfied that there are no significant current or future conduct, reputational, financial, or operational risks or other reasons why the awards would not be made. This is done in conjunction with the BRC and the BAC.

To receive an award under any of the plans, all MRTs must meet a satisfactory level of individual performance which is assessed against objectives and against conduct and behaviours. Awards can be scaled back to zero if an MRT does not meet a satisfactory level of performance.

The SIL Executive Bonus Scheme, in which all MRTs employed by SIL participate, is based on a mix of corporate objectives including financial, commercial and audit quality measures. The remainder of the award is based on performance against personal objectives which is assessed through the annual appraisal process.

SBF employees who are MRTs all participate in the SBF Executive Bonus Scheme and the SBF MTIP. The SBF Executive Bonus Scheme has two performance measures: profit achievement (70%) and individual performance objectives (30%). The MTIP, which is designed to reward performance against two independent measures of SBF profit (70%) and the delivery of the client and employee strategy (30%). Employee strategy is determined against achievement of targets for a combination of client satisfaction score (15%) and the employee satisfaction score (15%).

(ii) How amounts of individual variable remuneration are linked to institution-wide and individual performance

For all Society, SIL and SBF Bonus Schemes there is an on-target and maximum opportunity for colleagues. These are set at the start of the performance year and reflect the individual's role and seniority. Individual award outcomes are assessed against the measures detailed above and their individual performance objectives. All colleagues have a review to discuss their performance against their individual annual objectives.

(iii) The criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments

In line with regulatory requirements, where 50% of total variable remuneration must be delivered as an instrument, the Society uses "contingent cash" awards to fulfil the requirement. As a mutual, the Society does not have other forms of non-cash instrument which would meet regulatory requirements. The instrument is subject to a write-down if the CET1 ratio falls below a prescribed level.

The use of contingent cash also applies to any MRTs who are employed by SIL and SBF.

(iv) The measures the Group will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining "weak" performance metrics

The Society's performance is assessed against a balanced scorecard of measures under all variable pay plans. These include a range of financial and non-financial measures linked to the Society's Corporate Plan.

Each year, at the start of the performance period, the Board RemCo and the subsidiary Remuneration Committees determine the maximum, target and threshold levels of performance which must be met for bonus schemes to pay out awards. All variable pay including the SVPA and the LTIP plans are subject to an annual robust risk assessment in advance of any payments being made, with input from the BRC and the BAC provided for consideration as part of the annual risk assessment process.

The Society must meet minimum performance thresholds before any award will be made on any of the bonus schemes. If these thresholds are not met, then bonus amounts could be scaled back or reduced to zero. In consideration of any formulaic outcomes of the measures and financial thresholds, the Board RemCo determines whether the outcomes are a true reflection of performance or whether any further adjustments should be applied.

The Board RemCo must also be satisfied that there are no significant current or future conduct, reputational, financial, or operational risks or other reasons why the awards would not be made. Information for the annual risk assessment is provided by the BRC, the BAC and the GCRO.

f) The ways in which the institution seeks to adjust remuneration to take account of long-term performance

(i) The Group's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff

For 2025 the Society has chosen to make use of the possibility of applying the updated PRA rules in relation to 2025 remuneration, including applying deferral lengths and payment in instruments beyond the minimums set by the regulators. All MRTs, across all schemes, are subject to the applicable UK remuneration rules. Under this regulatory framework MRTs who trigger the de minimis thresholds (i.e. variable pay greater than £44,000 or in excess of 33% of total remuneration) are subject to regulatory deferral.

For MRTs who receive variable pay totalling £660,000 or more, at least 40% of the first £660,000 will be deferred and at least 60% of any amount over £660,000 will be deferred. All other MRTs have 40% of their variable remuneration deferred.

Where remuneration exceeds the de minimis threshold, at least 50% of the variable remuneration must be delivered in an instrument which meets regulatory requirements. For the Society, SBF and SIL, this means that at least 50% of variable pay is provided as contingent cash, which is subject to write-down if the CET1 ratio falls below an agreed level.

For Executive Directors, a five-year deferral period applies. For all other MRTs the deferral period is four years.

(ii) The Group's criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law)

All variable pay of MRTs is subject to malus (where deferral is applied) and clawback arrangements. The upfront portion of the awards is subject to a one-year clawback period, the deferred awards are subject to clawback for between five and seven years from when the award was made. For certain MRTs who perform a PRA or FCA senior management function, awards can be subject to clawback for up to ten years.

The following events provide examples of where malus and or clawback may be considered. This is not an exhaustive list, and other significant events may be taken into account at the discretion of the relevant remuneration committee:

- A live disciplinary warning or behaviour which is detrimental to the Society or one of its businesses;
- A material failure in risk management;
- A material downturn in financial performance such that the firm's financial position does not warrant the payment of bonus at the prescribed level. This could include but is not limited to a significant deterioration in capital;
- Failure to meet appropriate standards of fitness and propriety;
- Conduct rule breaches; and
- The business has suffered product failure; an adverse customer impact; a significant process or control failure or some other significant failing.

During an internal or external investigation into a risk event, any unvested variable pay may be frozen pending the outcome and communication to the individuals affected.

(iii) Where applicable, shareholding requirements that may be imposed on identified staff

This is not applicable given Society's mutual status.

g) The main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR

The Society's performance is assessed against clearly articulated strategic objectives taken from the Corporate Plan. For 2025 these were:

- Help more people have a home;
- Make money work harder; and
- Make membership matter.

The Board RemCo uses the focus from the Corporate Plan to set challenging business performance measures to be used to assess performance for variable pay, further details are included in section (e) and in the Directors Remuneration Report set out in the Group Annual Report and Accounts 2025 on pages 100 to 117. Individual performance is also rewarded in our bonus schemes with personal objectives aligned to the Corporate Plan and the behaviour framework.

SIL and SBF follow the same process against their own Corporate Plan objectives.

h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management

In accordance with the PRA Rulebook, this information shall only be disclosed by institutions when required by the relevant competent authority. This has not been requested from the Group.

i) Whether the Group benefits from a derogation laid down in Article 94(3) CRD in accordance with point (k) of Article 450(1) CRR

The Society benefits from the possibility of not having to apply certain UK remuneration rules to those MRTs whose annual variable remuneration does not exceed £44,000 and does not represent more than one-third of their total annual remuneration (the de minimis criteria). For MRTs meeting these criteria, we do not apply the rules relating to:

- the pay-out of variable remuneration in retained shares or other instruments; and
- the deferral of variable remuneration.

36 MRTs benefited from a derogation in 2025. Their total remuneration, split into fixed and variable remuneration, is shown in the table below.

Year	Number of Staff	Total Fixed Remuneration	Total Variable Remuneration	Total Remuneration
		£m	£m	£m
2025	36	4.2	0.4	4.6
2024	60	7.4	0.8	8.2
2023	56	6.6	0.7	7.3

Note

1. The comparative table has been restated to reflect revised Total Fixed Remuneration figures, ensuring the disclosures remain accurate and aligned with our reporting standards.

j) Information on the remuneration of their collective management body, differentiating between executive and non-executive members in accordance with Article 450(2) CRR

See templates UK REM1 to UK REM5 within these disclosures.

19.2 UK REM1 – Remuneration awarded for the financial year

The template below sets out the remuneration awarded for the financial year by function.

31 December 2025			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	9	12	7	27
2		Total fixed remuneration	1.0	2.3	2.5	4.2
3	Fixed remuneration	Of which: cash-based	1.0	2.3	2.5	4.2
UK-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9		Number of identified staff	-	6	7	26
10		Total variable remuneration	-	1.8	2.0	1.5
11	Variable remuneration	Of which: cash-based	-	0.9	1.0	0.9
12		Of which: deferred	-	0.5	0.6	0.3
UK-13a		Of which: shares or equivalent ownership interests	-	-	-	-
UK-14a		Of which: deferred	-	-	-	-
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-14b		Of which: deferred	-	-	-	-
UK-14x		Of which: other instruments	-	0.9	1.0	0.5
UK-14y		Of which: deferred	-	0.5	0.6	0.3
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17		Total remuneration (2 + 10)	1.0	4.1	4.5	5.7

Note

1. Rows 4, 6 and 8 of this template have not been presented as they are not applicable in the UK.

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK REM1 – Remuneration awarded for the financial year *(continued)*

31 December 2024			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1		Number of identified staff	10	9	15	45
2		Total fixed remuneration	1.5	2.7	3.3	6.1
3		Of which: cash-based	1.5	2.7	3.3	6.1
UK-4a	Fixed remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-5x		Of which: other instruments	-	-	-	-
7		Of which: other forms	-	-	-	-
9		Number of identified staff	-	6	14	42
10		Total variable remuneration	-	1.0	0.9	1.0
11		Of which: cash-based	-	0.5	0.6	0.8
12		Of which: deferred	-	0.3	0.1	0.1
UK-13a	Variable remuneration	Of which: shares or equivalent ownership interests	-	-	-	-
UK-14a		Of which: deferred	-	-	-	-
UK-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
UK-14b		Of which: deferred	-	-	-	-
UK-14x		Of which: other instruments	-	0.5	0.4	0.2
UK-14y		Of which: deferred	-	0.3	0.1	0.1
15		Of which: other forms	-	-	-	-
16		Of which: deferred	-	-	-	-
17		Total remuneration (2 + 10)	1.5	3.7	4.2	7.1

Note

1. The comparative table has been restated to reflect revised Total Fixed Remuneration figures, ensuring the disclosures remain accurate and aligned with our reporting standards.

19.3 UK REM2 – Special payments to staff whose professional activities have a material impact on institutions’ risk profile (identified staff)

The template below sets out special payments to staff in relation to the remuneration rules and severance payments.

31 December 2025		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff	-	1	-	1
2	Guaranteed variable remuneration awards ¹ -Total amount	-	0.1	-	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff	-	-	-	-
7	Severance payments awarded during the financial year - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Note

1. Guaranteed payments for ‘Other identified staff’ have not been presented in row 2, as the amounts are below £100,000 and therefore fall below the rounding threshold applied to figures reported in millions.

UK REM2 – Special payments to staff whose professional activities have a material impact on institutions’ risk profile (identified staff) *(continued)*

31 December 2024		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff	-	1	1	-
2	Guaranteed variable remuneration awards -Total amount	-	0.1	0.3	-
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff	-	-	-	-
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount	-	-	-	-
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff	-	1	2	-
7	Severance payments awarded during the financial year ¹ - Total amount	-	-	-	-
8	Of which paid during the financial year	-	-	-	-
9	Of which deferred	-	-	-	-
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap	-	-	-	-
11	Of which highest payment that has been awarded to a single person	-	-	-	-

Note

1. Severance payments have not been presented in row 7, as the amounts are below £100,000 and therefore fall below the rounding threshold applied to figures reported in millions

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

19.4 UK REM3 – Deferred remuneration

The template below sets out the remuneration awarded for the financial year by function.

31 December 2025		a	b	c	d	e	f	UK - g	UK - h
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	2.9	0.2	2.7	-	-	-	0.2	-
8	Cash-based	1.0	0.1	0.9	-	-	-	0.1	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	1.9	0.1	1.8	-	-	-	0.1	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	1.6	0.1	1.5	-	-	-	0.1	-
14	Cash-based	0.2	-	0.1	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	1.4	0.1	1.4	-	-	-	0.1	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	0.9	0.1	0.8	-	-	-	0.1	-
20	Cash-based	0.4	0.1	0.3	-	-	-	0.1	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	0.5	-	0.5	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	5.4	0.4	5.0	-	-	-	0.4	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK REM3 – Deferred remuneration (continued)

31 December 2024	a	b	c	d	e	f	UK - g	UK - h
Deferred and retained remuneration	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1 MB Supervisory function	-	-	-	-	-	-	-	-
2 Cash-based	-	-	-	-	-	-	-	-
3 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5 Other instruments	-	-	-	-	-	-	-	-
6 Other forms	-	-	-	-	-	-	-	-
7 MB Management function	2.1	0.1	2.0	-	-	-	0.1	-
8 Cash-based	1.2	0.1	1.1	-	-	-	0.1	-
9 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11 Other instruments	0.9	-	0.9	-	-	-	-	-
12 Other forms	-	-	-	-	-	-	-	-
13 Other senior management	0.8	-	0.7	-	-	-	-	-
14 Cash-based	0.4	-	0.3	-	-	-	-	-
15 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17 Other instruments	0.4	-	0.4	-	-	-	-	-
18 Other forms	-	-	-	-	-	-	-	-
19 Other identified staff	0.3	-	0.3	-	-	-	-	-
20 Cash-based	0.2	-	0.2	-	-	-	-	-
21 Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22 Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23 Other instruments	0.1	-	0.1	-	-	-	-	-
24 Other forms	-	-	-	-	-	-	-	-
25 Total amount	3.2	0.1	3.0	-	-	-	0.1	-

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

19.5 UK REM4 – Remuneration of 1 million EUR or more per year

31 December 2025		a
EUR		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	2
3	2 000 000 to below 2 500 000	1

31 December 2024		a
EUR		Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	1

19.6 UK REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

31 December 2025		a	b	c	d	e	f	g	h	i	j	
		Management body remuneration			Business areas							
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total	
1	Total number of identified staff										55	
2	Of which: members of the MB	9	12	21								
3	Of which: other senior management				-	2	-	3	2	-		
4	Of which: other identified staff				-	5	-	17	5	-		
5	Total remuneration of identified staff	1.0	4.1	5.1	-	2.3	-	5.8	2.1	-		
6	Of which: variable remuneration	-	1.7	1.8	-	0.7	-	2.1	0.6	-		
7	Of which: fixed remuneration	1.0	2.4	3.3	-	1.6	-	3.7	1.5	-		

31 December 2024		a	b	c	d	e	f	g	h	i	j	
		Management body remuneration			Business areas							
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	Total	
1	Total number of identified staff										79	
2	Of which: members of the MB	10	9	19								
3	Of which: other senior management				-	1	-	12	2	-		
4	Of which: other identified staff				-	17	-	21	7	-		
5	Total remuneration of identified staff	1.5	3.7	5.2	-	3.2	-	6.3	1.8	-		
6	Of which: variable remuneration	-	1.0	1.0	-	0.5	-	1.0	0.3	-		
7	Of which: fixed remuneration	1.5	2.7	4.2	-	2.7	-	5.3	1.5	-		

Note

1. The comparative table has been restated to reflect revised Total Fixed Remuneration figures, ensuring the disclosures remain accurate and aligned with our reporting standards

20 Encumbered and unencumbered assets

The template below details the level of encumbrance and both the carrying and fair value of those assets on a Group basis in the year ended 2025.

20.1 UK AE1 – Encumbered and unencumbered assets

31 December 2025		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			<i>of which: notionally eligible EHQLA and HQLA</i>		<i>of which: notionally eligible EHQLA and HQLA</i>		<i>of which: EHQLA and HQLA</i>		<i>of which: EHQLA and HQLA</i>
		£m	£m	£m	£m	£m	£m	£m	£m
010	Assets of the reporting institution	5,799.0	167.2			34,536.5	5,695.2		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	167.2	167.2	167.2	167.2	4,284.4	4,284.4	4,284.4	4,284.4
050	of which: covered bonds	-	-	-	-	802.6	802.6	802.6	802.6
060	of which: securitisations	-	-	-	-	637.3	637.3	637.3	637.3
070	of which: issued by general governments	161.9	161.9	161.9	161.9	1,299.3	1,299.3	1,299.3	1,299.3
080	of which: issued by financial corporations	5.0	5.0	5.0	5.0	1,562.2	1,562.2	1,562.2	1,562.2
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	5,593.5	-			30,272.0	1,450.2		

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK AE1 – Encumbered and unencumbered assets (continued)

31 December 2024		010	030	040	050	060	080	090	100
		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			<i>of which: notionally eligible EHQLA and HQLA</i>		<i>of which: notionally eligible EHQLA and HQLA</i>		<i>of which: EHQLA and HQLA</i>		<i>of which: EHQLA and HQLA</i>
		£m	£m	£m	£m	£m	£m	£m	£m
010	Assets of the reporting institution	6,173.7	38.5			32,013.9	6,076.8		
030	Equity instruments	-	-	-	-	-	-	-	-
040	Debt securities	38.5	38.5	38.5	38.5	4,210.2	4,149.3	4,210.2	4,149.3
050	of which: covered bonds	-	-	-	-	769.9	769.9	769.9	769.9
060	of which: securitisations	-	-	-	-	559.8	484.1	559.8	484.1
070	of which: issued by general governments	23.4	23.4	23.4	23.4	1,675.7	1,675.7	1,675.7	1,675.7
080	of which: issued by financial corporations	8.8	8.8	8.8	8.8	1,192.0	1,168.4	1,192.0	1,168.4
090	of which: issued by non-financial corporations	-	-	-	-	-	-	-	-
120	Other assets	6,126.9	-			27,749.7	2,058.2		

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

20.2 UK AE2 – Collateral received and own debt securities issued

The template below details, as a median calculation rather than a point in time, for different classes of assets, the level of collateral received on a Group basis in the year ended 2025.

31 December 2025		010		030		040		060	
		Fair value of encumbered collateral received or own debt securities issued		Unencumbered Fair value of collateral received or own debt securities issued available for encumbrance					
		of which notionally eligible EHQLA and HQLA				of which EHQLA and HQLA			
		£m	£m	£m	£m	£m	£m		
130	Collateral received by the reporting institution	-	-	265.6	-	-	-		
140	Loans on demand	-	-	265.6	-	-	-		
150	Equity instruments	-	-	-	-	-	-		
160	Debt securities	-	-	-	-	-	-		
170	of which: covered bonds	-	-	-	-	-	-		
180	of which: securitisations	-	-	-	-	-	-		
190	of which: issued by general governments	-	-	-	-	-	-		
200	of which: issued by financial corporations	-	-	-	-	-	-		
210	of which: issued by non-financial corporations	-	-	-	-	-	-		
220	Loans and advances other than loans on demand	-	-	-	-	-	-		
230	Other collateral received	-	-	-	-	-	-		
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-	-	-		
241	Own covered bonds and asset-backed securities issued and not yet pledged	-	-	101.9	-	-	-		
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	5,799.0	167.2						

Skipton Building Society | Pillar 3 Disclosures 31 December 2025

UK AE2 – Collateral received and own debt securities issued (continued)

31 December 2024		010		030		040		060	
		Fair value of encumbered collateral received or own debt securities issued		of which notionally eligible EHQLA and HQLA		Unencumbered			
						Fair value of collateral received or own debt securities issued available for encumbrance			
								of which EHQLA and HQLA	
		£m	£m	£m	£m	£m	£m	£m	
130	Collateral received by the reporting institution	-	-	-	-	635.1	-	-	
140	Loans on demand	-	-	-	-	635.1	-	-	
150	Equity instruments	-	-	-	-	-	-	-	
160	Debt securities	-	-	-	-	-	-	-	
170	of which: covered bonds	-	-	-	-	-	-	-	
180	of which: securitisations	-	-	-	-	-	-	-	
190	of which: issued by general governments	-	-	-	-	-	-	-	
200	of which: issued by financial corporations	-	-	-	-	-	-	-	
210	of which: issued by non-financial corporations	-	-	-	-	-	-	-	
220	Loans and advances other than loans on demand	-	-	-	-	-	-	-	
230	Other collateral received	-	-	-	-	-	-	-	
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-	-	-	-	
241	Own covered bonds and asset-backed securities issued and not yet pledged	-	-	-	-	44.7	-	-	
250	TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	6,173.7	38.5						

Note

1. The comparative table has been restated to reflect a change in interpretation of collateral received during 2025.

20.3 UK AE3 – Sources of encumbrance

The following template shows the carrying amount of selected encumbered assets, collateral received and associated liabilities.

31 December 2025		010	030
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		£m	£m
010	Carrying amount of selected financial liabilities	3,706.6	5,799.0

31 December 2024		010	030
		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		£m	£m
010	Carrying amount of selected financial liabilities	3,742.8	6,173.7

Note

1. The comparative table has been restated to reflect a change in interpretation of collateral received during 2025.

20.4 UK AE4 – Accompanying narrative information

a) Information on asset encumbrance

The asset encumbrance disclosure templates have been compiled in accordance with the UK CRR regulatory reporting requirements. These numbers reflect European Banking Authority (EBA) methodology and, as such, may differ from the disclosures contained in the Group's Annual Report and Accounts 2025 due to differences in the definitions of encumbrance for certain assets.

In all asset encumbrance disclosure templates, the values disclosed are the median of the sums of the four quarterly end-of-period values during the financial year as prescribed by regulatory requirements. The consolidation scope applied for the purposes of asset encumbrance is consistent with those applied for liquidity requirements. There are no differences between the treatment of transactions which have been deemed to have been pledged or transferred compared to their encumbrance status.

Asset encumbrance generally occurs through the pledging of assets to secured creditors, as collateral, or to credit enhance financial transactions. Such assets become unavailable for other purposes.

Operational Continuity in Resolution (OCIR) funds are held to ensure operational continuity in resolution and cannot be freely used for other purposes. Although they are not sold, transferred, or pledged under contractual arrangements, they are operationally restricted by regulatory requirements. For this reason, we classify them as encumbered for the purposes of asset encumbrance reporting.

b) Information on the impact of the business model on assets encumbrance and the importance of encumbrance to the Group's business model

The Group uses repurchase agreements and securities lending transactions as part of its everyday liquidity management and has a range of counterparties whereby assets may be encumbered in order to raise funding. Assets are solely encumbered at the Society level. The Group operates within an asset encumbrance limit, set by the Board and reviewed on a regular basis.

Mortgage assets are used in long-term secured funding transactions such as securitisations, covered bonds and Bank of England schemes. The Group has issued RMBS through its Darrowby Programme and it has issued covered bonds from its regulated Covered Bond programme. Additional asset encumbrance arises from the Society's participation in facilities offered by the Bank of England, which it may access from time to time. The majority of the Group's asset encumbrance arises through secured funding issuances. Row 120 of template UK AE1 primarily relates to loans and advances, with encumbrance arising where mortgages are used as collateral for secured funding programmes, with the corresponding liabilities included in Row 010 of template UK AE3.

The Society's secured funding transactions have a level of over-collateralisation which is classed as encumbered and is monitored as part of the business-as-usual process. The Society has a prudent level of over-collateralisation within its transactions which helps to mitigate risks. If the Society has retained any bonds issued under the Covered Bond programme or its Darrowby programme, then the element retained together with an equal percentage of the over-collateralisation is classed as unencumbered. All encumbered assets are denominated in sterling as they primarily relate to mortgages originated in the UK or securities denominated in sterling.

The majority of unencumbered assets comprise owner occupied or buy-to-let mortgages, providing potential additional contingent funding capacity. The underlying assets and cover pool assets related to any retained securities issued from the Society's secured funding programmes are treated as unencumbered from a regulatory reporting perspective to the extent that the retained securities are unencumbered. As at 31 December 2025, the Society held retained assets totalling £233.3m from its RMBS programmes, of which £125.3m is encumbered to meet the Group's OCIR commitments.

Glossary

Set out below are the definitions of terms used within the Pillar 3 disclosures to assist the reader and to facilitate comparison with other financial institutions:

Arrears	A customer is in arrears when they are behind in fulfilling their obligations with the result that an outstanding loan commitment is overdue.
Asset backed securities (ABS)	An asset backed security is a security whose value and income payments are derived from and collateralised (or 'backed') by a specified pool of underlying assets. Typically, these assets are pools of residential or commercial mortgages.
Additional Tier 1 capital (AT1)	Additional Tier 1 capital consists of paid-up capital instruments that do not qualify as CET1 capital.
Buy-to-let mortgages	Mortgages offered to customers purchasing residential property to be rented to others to generate a rental income.
Common Equity Tier 1 capital (CET1)	Common Equity Tier 1 capital primarily comprises internally generated capital from retained profits, less regulatory adjustments. CET1 capital is fully loss absorbing.
Covered bonds	Debt securities backed by a portfolio of mortgages that are segregated from the issuer's other assets to be solely for the benefit of the holders of the covered bonds. The Group has established covered bonds as part of its funding activities. Covered bonds use retail / residential mortgages as the asset pool.
Credit Valuation Adjustment (CVA)	The adjustment applied to the fair value of derivatives for potential mark-to-market losses due to credit quality deterioration of a counterparty (that does not necessarily default).
Capital Requirements Directive V (CRD V)	CRD V became effective on 28 December 2020 and is made up of the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (UK CRR).
Debt securities	Assets representing certificates of indebtedness of credit institutions, public bodies, or other undertakings.
Debt securities in issue	Transferable certificates of indebtedness of the Group to the bearer of the certificates. These are liabilities of the Group and can include certificates of deposit.
Derivative financial instruments	A derivative financial instrument is a type of financial instrument (or an agreement between two parties) that has a value based on the underlying asset, index, or reference rate it is linked to. The Group uses derivative financial instruments to hedge its exposures to market risks such as interest rate risk and currency risk.
Effective interest rate (EIR) method	The method used to measure the carrying value of a financial asset or liability measured at amortised cost and to allocate associated interest income or expense over the relevant period.
Expected Credit Loss (ECL)	The present value of all cash shortfalls over the expected life of the financial instrument to determine impairment loss allowances under IFRS 9.
Exposure at default (EAD)	The expected outstanding balance of an asset at the time of default.
Fair value	Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.
Fair value through other comprehensive income (FVOCI)	Financial instruments held at fair value in the Statement of Financial Position, with changes in fair value recognised through other comprehensive income.
Fair value through profit or loss (FVTPL)	Financial instruments held at fair value in the Statement of Financial Position, with changes in fair value recognised through the Income Statement.
Financial Services Compensation Scheme (FSCS)	The UK's compensation fund of last resort for customers of authorised financial services firms. The FSCS may pay compensation to customers if a firm is unable, or likely to be unable, to pay claims against it, usually because it has stopped trading or has been declared in default. The FSCS is funded by the financial services industry.
Forbearance strategies	Strategies to assist borrowers in financial difficulty, such as arrears capitalisation, a reduction in the monthly payment, a conversion to interest only or a mortgage term extension. Forbearance strategies aim, if possible, to avoid foreclosure or repossession.
Goodwill	Goodwill arises on the acquisition of subsidiary undertakings, joint ventures, associates, or other businesses and represents the excess of the fair value of consideration over the fair value of separately identifiable net assets at the date of acquisition.
Group	The Group comprises the Society and all of its subsidiaries (i.e. full group consolidation).

Group prudential consolidation	The prudential consolidation group comprises the entire Group except the Connells group and a small number of other entities whose activities are not closely aligned with the core business.
Internal Capital Adequacy Assessment Process (ICAAP)	The Group's own assessment, as part of regulatory requirements, of the levels of capital that it needs to hold in respect of the risks it faces under a business-as-usual scenario and a variety of stress scenarios.
Internal Liquidity Adequacy Assessment Process (ILAAP)	The Group's own assessment that current and projected levels of liquidity are sufficient and appropriate for the Group's plans, under a variety of stress scenarios. It also details the Group's compliance with the PRA's regulatory requirements.
Internal Ratings Based approach (IRB)	An advanced approach to measuring capital requirements in respect of credit risk. The IRB approach may only be used with permission from the PRA.
International Swaps and Derivatives Association (ISDA) Master Agreement	A standardised contract developed by ISDA and used to enter into bilateral derivatives transactions.
Investment grade	The range of credit ratings, from Aaa to Baa3, as measured by external credit rating agencies.
Leverage ratio	The ratio of Tier 1 capital divided by total leverage exposure measure of on and off-balance sheet assets, after netting derivatives.
Liquid assets	The total of cash in hand and balances with the Bank of England, loans and advances to credit institutions and debt securities.
Liquidity Coverage Ratio (LCR)	A measure designed to ensure that financial institutions have sufficient high-quality assets available to meet their liquidity needs for a 30-day liquidity stress scenario.
Loan-to-value ratio (LTV)	A ratio which expresses the balance of a mortgage as a percentage of the value of the property. The Group calculates residential mortgage LTVs on an indexed basis (the value of the property is updated on a quarterly basis to reflect changes in a house price index).
Loans past due / past due loans	Loans on which payments are overdue including those on which partial payments are being made.
Loss given default (LGD)	An estimate of the loss that would be incurred should a borrower default on their credit obligations.
Material Risk Takers (MRTs)	A group of employees to which the FCA's Remuneration Code applies. MRTs consist of Executive Directors, Non-Executive Directors and certain senior managers who could have a material impact on the firm's risk profile.
Mean total assets	Represents the amount produced by halving the aggregate of total assets at the beginning and end of the financial year.
Medium term notes (MTN)	Corporate notes continuously offered by an entity to investors through a dealer, across a range of maturity periods.
Member	A person who has a share investment or a mortgage loan with the Society, or is the holder of a Permanent Interest Bearing Share in the Society.
Minimum requirement for own funds and eligible liabilities (MREL)	A regulatory requirement for the minimum amount of equity and subordinated debt a firm must maintain to support an effective resolution.
Net interest income	The difference between interest received on assets and interest paid on liabilities.
Net interest margin	Net interest income as a percentage of mean total assets.
Net Stable Funding Ratio (NSFR)	The net stable funding ratio is a long-term stable funding metric, which measures the stability of our funding sources relative to the assets (mortgage balances) we are required to fund.
Permanent Interest Bearing Shares (PIBS) or subscribed capital	Unsecured, deferred shares that are a form of Tier 2 capital. PIBS rank behind the claims of all subordinated debt holders, depositors, payables and investing members of Skipton Building Society.
Prime	Prime mortgages are those granted to the most credit worthy category of borrower.
Probability of Default (PD)	An estimate of the probability that a borrower will default on their credit obligations.
Repo / reverse repo	Short to medium-term funding agreements which allow a borrower to sell a financial asset, such as an ABS or government bond as security for cash. As part of the agreement the borrower agrees to repurchase the security at some later date. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement or reverse repo, for which the underlying collateral can typically be resold or repledged if desired.

Skipton Building Society | Pillar 3 Disclosures 31 December 2024

Residential loans	Mortgage lending secured against residential property.
Residential Mortgage Backed Securities (RMBS)	A category of ABS that represent interests in a group of residential mortgages. Investors in these securities have the right to cash received from future mortgage payments (interest and / or principal).
Risk Appetite	The articulation of the level of risk that the Group is willing to take in order to safeguard the interests of the Society's members whilst achieving business objectives.
Risk weighted Assets (RWA)	The value of assets, after adjustment, under CRD V rules to reflect the degree of risk they represent.
Securitisation	A process by which a group of assets, usually loans, are aggregated into a pool which is used to back the issuance of new securities. A firm transfers these assets to a special purpose vehicle which then issues securities backed by the assets. The Group has established securitisation structures as part of its funding activities. These securitisation structures use retail / residential mortgages as the asset pool.
Shares	Money deposited by non-corporate depositors in a retail savings account with the Society. Such funds are recorded as liabilities for the Society.
Significant increase in credit risk	A significant increase in credit risk on a financial asset is judged to have occurred when an assessment using quantitative and qualitative factors identifies that the credit risk has increased significantly since the asset was originally recognised.
Stage 1 financial assets	Stage 1 financial assets are those which have not experienced a significant increase in credit risk since origination. 12-month ECLs are recognised, and interest revenue is determined by the EIR on the gross carrying amount.
Stage 2 financial assets	Stage 2 financial assets have experienced a significant increase in credit risk since initial recognition. Lifetime ECLs are recognised, and interest revenue is determined by the EIR on the gross carrying amount.
Stage 3 financial assets	Stage 3 financial assets are identified as in default and considered credit impaired. Lifetime ECLs are recognised, and interest revenue is determined by the EIR on the net carrying amount.
Subordinated debt / liabilities	Subordinated debt is unsecured debt that ranks below the claims of depositors and senior creditors in the event of insolvency, and may be structured to meet regulatory loss-absorbing requirements such as MREL.
Supervisory Review and Evaluation Process (SREP)	A review carried out by the PRA to ensure each credit institution has in place the strategies, processes, capital and liquidity that are appropriate to the risks to which it is or might be exposed to.
Term Funding Scheme with additional incentives for SMEs (TFSME)	A scheme allowing eligible banks and building societies to access four-year funding at rates very close to Bank Base Rate, designed to incentivise eligible participants to provide credit to businesses and households to bridge through the period of economic disruption caused by COVID-19 – TFSME, which closed for drawdowns in 2021, included additional incentives to provide credit to SMEs.
Tier 1 capital	A measure of financial strength, as defined by CRD V. Tier 1 capital comprises Common Equity Tier 1 and Additional Tier 1 capital.
Tier 2 capital	Tier 2 capital comprises the Society's PIBS.
UK Capital Requirement Regulation (UK CRR)	UK Capital Requirements Regulation (UK CRR) implemented in 2022.
Wholesale funding	Amounts owed to credit institutions, amounts owed to other customers and debt securities in issue excluding balances deposited by offshore customers.

For Enquiries: Go to [skiptongroup.com](https://www.skiptongroup.com)

Skipton Building Society is a member of the Building Societies Association. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, under registration number 153706, for accepting deposits, advising on and arranging mortgages and providing Restricted financial advice. Principal Office, The Bailey, Skipton, North Yorkshire BD23 1DN.