



Pillar 3 Disclosures

31 March 2026

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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 March 2026.

These Pillar 3 disclosures are published on the Society's website: [Skipton Pillar 3 Disclosures](#).

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 differs. For an overview of the differences between accounting and regulatory scopes of consolidation, see section 4 of the Pillar 3 disclosures as at 31 December 2025.

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 stated above or directly beneath the relevant template.

These Pillar 3 disclosures are presented at the prudential consolidation group level (see section 1.1 above).

The Group does not use the Internal Model Approach (IMA) for market risk or the Internal Model Method (IMM) for counterparty credit risk (CCR) exposures, therefore templates UK MR2-B and UK CCR7 have not been presented.

All figures and narratives are as at 31 March 2026. Comparative analysis is provided as required in the PRA Rulebook.

Applicable definitions of terms used within these Pillar 3 disclosures are set out in the Glossary on pages 118 – 120 of the 2025 Year-End Pillar 3 disclosures on the Society's website: [December 2025 Pillar 3 Disclosures](#).

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. No disclosures have been omitted on these grounds.

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.

1.6 Verification and sign off

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. The disclosures are not required to be, and have not been, subject to an independent external audit.

1.7 Regulatory development – UK Basel 3.1

The implementation of UK Basel 3.1 is still underway and will introduce enhanced capital and disclosure requirements. The Society continues to prepare for implementation and expects to comply with the revised Pillar 3 disclosure requirements from 2027, in line with UK regulatory timelines.

2 Key metrics and overview of risk weighted exposure amounts

2.1 UK KM1 - Key metrics template

		a	b	c	d	e
		31 Mar 26	31 Dec 25	30 Sep 25	30 Jun 25	31 Mar 25
		£m	£m	£m	£m	£m
Available own funds (amounts)						
1	Common Equity Tier 1 (CET1) capital	2,571.5	2,575.0	2,462.2	2,465.7	2,360.6
2	Tier 1 capital	2,571.5	2,575.0	2,462.2	2,465.7	2,360.6
3	Total capital	2,587.0	2,590.0	2,502.2	2,505.7	2,400.6
Risk-weighted exposure amounts (RWEAs)						
4	Total risk-weighted exposure amount	9,333.5	9,141.4	8,802.3	8,559.3	8,504.3
Capital ratios (as a % of RWEAs)						
5	Common Equity Tier 1 ratio (%)	27.6	28.2	28.0	28.8	27.8
6	Tier 1 ratio (%)	27.6	28.2	28.0	28.8	27.8
7	Total capital ratio (%)	27.7	28.3	28.4	29.3	28.2
Additional own funds requirements based on SREP (as a % of RWEAs)						
UK 7a	Additional CET1 SREP requirements (%)	1.5	1.5	1.5	1.1	1.1
UK 7b	Additional AT1 SREP requirements (%)	0.5	0.5	0.5	0.4	0.4
UK 7c	Additional T2 SREP requirements (%)	0.6	0.6	0.6	0.5	0.5
UK 7d	Total SREP own funds requirements (%)	10.6	10.6	10.6	10.0	10.0
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	14.9	14.3	14.3
12	CET1 available after meeting the total SREP own funds requirements (%)	17.1	17.7	17.8	19.3	18.2
Leverage ratio ²						
13	Total exposure measure excluding claims to central banks	39,134.7	38,477.2	38,439.9	37,570.0	36,793.2
14	Leverage ratio excluding claims on central banks (%)	6.6	6.7	6.4	6.6	6.4
Liquidity Coverage Ratio ³						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	5,438.7	5,702.4	5,906.6	6,012.7	6,102.2
UK 16a	Cash outflows - Total weighted value	3,240.3	3,272.0	3,311.3	3,407.3	3,511.5
UK 16b	Cash inflows - Total weighted value	212.3	212.4	211.1	252.3	247.0
16	Total net cash outflows (adjusted value)	3,028.0	3,059.6	3,100.2	3,155.0	3,264.5
17	Liquidity coverage ratio (%)	179.7	186.7	190.8	191.0	187.4
Net Stable Funding Ratio ⁴						
18	Total available stable funding	36,245.0	35,805.4	35,153.8	34,584.6	34,173.5
19	Total required stable funding	26,390.6	25,867.5	25,179.6	24,899.7	24,633.4
20	Net Stable Funding Ratio (%)	137.4	138.4	139.6	138.9	138.7

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 £75bn 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.
- In line with regulatory guidance, the values have been calculated based on a four quarter rolling average of quarter-end positions. Percentages may not sum precisely due to rounding of quarterly averages.

2.2 Qualitative information on key metrics, which complements template UK KM1

Capital

The Group's capital position remains strong with Common Equity Tier 1 (CET1) capital of £2,571.5m (31 December 2025: £2,575.0m). The small decrease in CET1 capital during the period was driven primarily by movements in excess expected loss offset by accumulated other comprehensive income. Unaudited profits for the quarter have been excluded.

Risk Weighted Exposure Amounts

Risk Weighted Assets (RWAs) increased by £192.1m during the period to £9,333.5m (31 December 2025: £9,141.4m). The increase during the quarter is primarily driven by growth in the Group's mortgage portfolio. An overview of RWAs is set out in Section 3.

Non-credit obligation assets under the advanced Internal Ratings Based (IRB) approach decreased to £98.5m (31 December 2025: £159.9m), driven mainly by a reduction in RWAs due to fair value hedge adjustments on fixed rate IRB mortgages, reflecting increases in market interest rate expectations during the quarter.

The Society continues to engage with the PRA as part of its ongoing enhancement of its IRB system to reflect evolving regulatory standards. Pending PRA approval of the IRB ratings system, 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.

Capital ratios

CET1 capital remained broadly stable during the period, however the CET1 ratio reduced to 27.6% (31 December 2025: 28.2%), driven by the increase in RWAs explained above.

Leverage

As at 31 March 2026, the Group's leverage ratio decreased marginally to 6.6% (31 December 2025: 6.7%) driven by balance sheet growth, largely attributable to increased mortgage lending and the exclusion of interim profits.

Liquidity

The Group's Liquidity Coverage Ratio (LCR) as at 31 March 2026 reduced to 179.7% (31 December 2025: 186.7%) reflecting the use of surplus High Quality Liquid Assets (HQLA) to support mortgage portfolio growth. The Net Stable Funding Ratio (NSFR) was 137.4% (31 December 2025: 138.4%). The detailed NSFR breakdown is disclosed bi-annually in line with regulatory guidance and further detail on the LCR is set out in section 4.

3 UK OV1 – Overview of risk weighted assets

3.1 UK OV1 - Overview of risk weighted exposure amounts

The template below provides an overview of RWAs and minimum capital requirements under the Pillar 1 capital requirement as at 31 March 2026. Credit risk exposures include balances which are off-balance sheet, such as credit commitments relating to mortgages not yet drawn down.

The Pillar 1 own funds requirement under both the IRB and standardised approach is calculated as 8% of the RWAs.

		a		b	c
		Risk weighted exposure amounts (RWEAs)		Total Own Fund Requirements	31 Mar 26
		31 Mar 26	31 Dec 25		
		£m	£m	£m	£m
1	Credit risk (excluding CCR)	8,283.0	8,078.8		662.6
2	Of which standardised approach	1,402.1	1,407.0		112.2
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	306.7	306.8		24.5
5	Of which the advanced IRB (AIRB) approach ²	6,574.2	6,365.0		525.9
6	Counterparty credit risk (CCR)	112.7	122.9		9.0
7	Of which the standardised approach	29.5	28.7		2.4
8	Of which internal model method (IMM) ¹	-	-		-
UK 8a	Of which exposures to a CCP	8.9	8.5		0.7
UK 8b	Of which credit valuation adjustment - CVA	74.3	85.7		5.9
9	Of which other CCR	-	-		-
15	Settlement risk	-	-		-
16	Securitisation exposures in the non-trading book (after the cap)	59.9	61.8		4.8
17	Of which SEC-IRBA approach ¹	-	-		-
18	Of which SEC-ERBA (including IAA) ³	59.9	61.8		4.8
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	877.9		70.2
UK 23a	Of which basic indicator approach ¹	-	-		-
UK 23b	Of which standardised approach	877.9	877.9		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	11.7		0.9
29	Total	9,333.5	9,141.4		746.6

Notes

- This approach is not applicable to the Group.
- The advanced IRB approach includes £98.5m of non-credit obligation assets (31 December 2025: £159.9m), risk weighted at 100%. The movement is driven mainly by reduced RWAs due to fair value hedge adjustments on fixed rate IRB mortgages, reflecting increases in market interest rate expectations over the quarter.
- The Internal Assessment Approach (IAA) is not applicable to the Group.
- 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.
- 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.

3.2 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 31 December 2025 to 31 March 2026. 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 £98.5m (31 December 2025: £159.9m).

		a
		Risk weighted exposure amount quarter to 31 March 2026
		£m
1	Risk weighted exposure amount as at the end of the previous reporting period	6,205.1
2	Asset size (+/-)	186.6
3	Asset quality (+/-)	84.0
4	Model updates (+/-)	-
5	Methodology and policy (+/-)	-
6	Acquisitions and disposals (+/-)	-
7	Foreign exchange movements (+/-)	-
8	Other (+/-)	-
9	Risk weighted exposure amount as at the end of the reporting period	6,475.7

Credit risk RWAs under the IRB approach for retail mortgage exposures increased by £270.6m in the quarter to £6,475.7m (31 December 2025: £6,205.1m), reflecting mortgage portfolio growth and changes in portfolio risk characteristics, including higher Loss Given Default (LGD) assumptions with an increased Loan to Value (LTV) profile.

4 Liquidity requirements

4.1 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)	Total unweighted value (average)				Total weighted value (average)			
		a	b	c	d	e	f	g	h
UK 1b	Number of data points used in the calculation of averages	31 Mar 26	31 Dec 25	30 Sep 25	30 Jun 25	31 Mar 26	31 Dec 25	30 Sep 25	30 Jun 25
		£m	£m	£m	£m	£m	£m	£m	£m
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					5,438.7	5,702.4	5,906.6	6,012.7
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	31,674.6	31,239.6	30,677.7	30,150.0	1,856.2	1,883.2	1,919.3	1,936.9
3	<i>Stable deposits</i>	18,122.2	17,067.8	16,026.2	15,168.0	906.1	853.4	801.3	758.4
4	<i>Less stable deposits</i>	7,139.4	7,648.1	8,127.3	8,397.2	911.6	988.9	1,078.9	1,138.9
5	Unsecured wholesale funding	247.8	253.9	278.6	296.6	195.8	196.5	216.6	230.4
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	-	-	-	-	-	-	-	-
7	<i>Non-operational deposits (all counterparties)</i>	206.8	213.2	225.5	237.7	154.8	155.8	163.5	171.5
8	<i>Unsecured debt</i>	41.0	40.7	53.1	58.9	41.0	40.7	53.1	58.9
9	Secured wholesale funding					-	-	-	-
10	Additional requirements	464.4	497.5	510.7	617.6	464.4	497.5	510.7	617.6
11	<i>Outflows related to derivative exposures and other collateral requirements</i>	370.2	406.1	428.1	539.4	370.2	406.1	428.1	539.4
12	<i>Outflows related to loss of funding on debt products</i>	-	-	-	-	-	-	-	-
13	<i>Credit and liquidity facilities</i>	94.2	91.4	82.6	78.2	94.2	91.4	82.6	78.2
14	Other contractual funding obligations	31.1	30.5	27.6	24.6	-	-	-	-
15	Other contingent funding obligations	2,068.2	1,985.2	1,899.2	1,778.2	723.9	694.8	664.7	622.4
16	TOTAL CASH OUTFLOWS					3,240.3	3,272.0	3,311.3	3,407.3
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	-	-	-	-	-	-	-	-
18	Inflows from fully performing exposures	234.3	231.5	228.4	224.2	193.6	191.2	188.4	184.5
19	Other cash inflows	18.7	21.2	22.7	67.8	18.7	21.2	22.7	67.8
20	TOTAL CASH INFLOWS	253.0	252.7	251.1	292.0	212.3	212.4	211.1	252.3
UK-20a	Fully exempt inflows	-	-	-	-	-	-	-	-
UK-20b	<i>Inflows subject to 90% cap</i>	-	-	-	-	-	-	-	-
UK-20c	<i>Inflows subject to 75% cap</i>	253.0	252.7	251.1	292.0	212.3	212.4	211.1	252.3
TOTAL ADJUSTED VALUE									
UK-21	LIQUIDITY BUFFER					5,438.7	5,702.4	5,906.6	6,012.7
22	TOTAL NET CASH OUTFLOWS					3,028.0	3,059.6	3,100.2	3,155.0
23	LIQUIDITY COVERAGE RATIO (%)					179.7	186.7	190.8	191.0

4.2 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 in the quarter, with an average of 179.7% as of 31 March 2026 (31 December 2025: 186.7%). The Group's surplus HQLA holdings have been deployed to support strong mortgage growth throughout the last quarter, resulting in the reduction seen in the LCR.

(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.

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.