PRESS RELEASE **Wednesday 1 August 2018**

SKIPTON SEES STRONG MEMBERSHIP GROWTH AND REPORTS A SOLID SET OF INTERIM RESULTS

Skipton Building Society today publishes its interim results covering the six month period from 1 January to 30 June 2018.

The UK's fourth largest building society announces a strong performance for the first half of 2018, increasing its membership to over 971,900, recording a Group profit before tax of £104.7m, an underlying Group profit before tax[1] of £94.9m, and a Common Equity Tier 1 ratio of 33.2%.

Savings balances increased by £0.5bn (a growth rate of 3.1% during the six month period) and mortgage balances increased by £0.5bn (a growth rate of 2.8% during the six month period). Over 110,000 customers held a cash lifetime ISA (LISA) with Skipton Building Society at 30 June 2018, and LISA customers benefitted from £99.0m of bonuses paid by the Government during the period. The Society remains the only financial services provider to offer a cash LISA.

The Society further broadened its wholesale funding base, issuing regulated public covered bonds, raising £400m over a five year term.

In the six months to 30 June 2018 Skipton's key performance highlights included:

Strong performance

- Total Group profit before tax (PBT) was £104.7m (six months ended 30 June 2017: £67.0m);
- Underlying Group PBT was up 8.6% at £94.9m (six months ended 30 June 2017: £87.4m). At a divisional level trading profits have been relatively flat year-on-year, however the 2018 results have benefitted from a £4.0m credit (six months ended 30 June 2017: £2.5m charge) in relation to the management incentive scheme in place for senior managers within the Group's Estate Agency division, which is held centrally, reflecting the currently subdued housing market;
- The Society continued to grow its membership with a 52,842 increase in members to 971,902 (six months ended 30 June 2017: increase of 25,907) as a result of the phenomenal success of the Society's cash LISA attracting 55,087 new members during the period;
- Group total assets increased by 4.9% since the year end to £22.1bn (31 December 2017: £21.0bn);
- Group gross mortgage lending was £1.8bn (six months ended 30 June 2017: £2.4bn), the reduction in the period being due to the intensity of competition within the mortgage market, together with the impact of more stringent customer affordability criteria we introduced towards the end of 2017;
- Mortgage balances grew by £457m to £17.0bn, a growth rate of 2.8% since the end of 2017 (six months ended 30 June 2017: by £675m, a growth rate of 4.4%);
- Savings balances grew by £471m to £15.4bn, a growth rate of 3.1% since the end of 2017 (six months ended 30 June 2017: by £525m, a growth rate of 3.7%);

[1] Underlying Group PBT excludes items within the statutory profit figure that are not generated from the Group's core strategic operations to give greater transparency of the performance of the Group's ongoing trading activities. The underlying Group PBT excludes Financial Services Compensation Scheme charges / credits, gains and losses on disposal of Group undertakings and impairment of Group undertakings. From 1 January 2018 it also excludes fair value movements in relation to the Group's equity release portfolio, following adoption of new accounting standard IFRS 9 which resulted in a reclassification of this portfolio. See page 7 of this document for a full reconciliation of statutory Group PBT to underlying Group PBT.

- Funds under management, as part of the Society's financial advice offering, were £3.4bn (31 December 2017: £3.4bn);
- The Group net interest margin increased to 1.14% (six months ended 30 June 2017: 1.11%; year ended 31 December 2017: 1.10%);
- Group administrative expenses totalled £249.7m (six months ended 30 June 2017: £253.9m), of which £171.8m relates to the Connells estate agency group (six months ended 30 June 2017: £169.1m);
- The impairment loss charge on mortgages for the six month period was £1.7m; the impairment methodology changed during the period following the implementation of a new accounting standard (IFRS 9) with effect from 1 January 2018. For the six months ended 30 June 2017 impairment was calculated under accounting standard IAS 39 and on mortgage loans was a credit of £4.2m;
- The Society's Common Equity Tier 1 (CET 1) ratio[2] at 30 June 2018 remained strong at 33.2% (31 December 2017: 33.2%);
- The Leverage ratio[2] was 5.9% (31 December 2017: 6.1%), comfortably ahead of the regulator's expected minimum of 3%;
- Liquidity as a percentage of shares, deposits and borrowings was 21.2% (31 December 2017: 18.7%); and
- In May 2018, the Society raised £400m of wholesale funding through a covered bond transaction with a term of five years.

David Cutter, Skipton's Group Chief Executive, said:

"The first half of 2018 has seen another strong performance for Skipton, as we continue to support our members in planning for their lives ahead.

In the first half of this year, we have seen continued growth in our membership. This includes us having over 110,000 LISA customers as at 30 June 2018 as Skipton remains the only organisation to support younger savers by providing a cash LISA account. Total cash LISA balances amounted to £508.3m at 30 June 2018 and £99.0m in government bonuses were paid to LISA customers during the period, a fantastic benefit for this new cohort of younger savers. In doing so we are continuing to deliver on our 165-year-old founding mutual purpose of helping people save and buy their own homes.

The Society's performance in the first half of 2018 is pleasing, with sustainable growth in mortgage and savings balances, strong liquidity, and a growth in our net interest margin. We have continued to invest in our member offering, and Skipton is now one of the few financial services providers on the UK high street to offer full mortgage and financial advice video appointments. Called 'Skipton Link', this popular mortgages, investments and pensions service allows our members to link up via video from home or branch with any of our UK branches, Skipton's head office or home-based financial advisers. As a mutual, we will continue re-investing in our business for the benefit of our members."

Enabling our members to achieve home ownership and save for their life ahead aspirations

- The Society helped 10,855 homeowners (six months ended 30 June 2017: 13,118) to purchase or remortgage their properties, including 2,078 first time buyers (six months ended 30 June 2017: 2,374) and 545 (six months ended 30 June 2017: 809) through participation in the Government's Help to Buy equity loan scheme;
- The Society paid an average savings rate of 1.26% during the six months ended 30 June 2018 (six months ended 30 June 2017: 1.23%). For the four months ended 30 April 2018 the Society paid an

[2] The CET 1 and Leverage ratios are calculated on the PRA regulated prudential group basis. The prudential group is the full Group excluding Connells, Jade Software Corporation, Northwest Investments NZ Limited and Skipton Trustees Limited. These ratios are reported under CRD IV (which is a set of EU legislative requirements covering prudential rules for banks, building societies and investment firms). The CET 1 ratio is reported on a transitional basis and the Leverage ratio is reported on an end-point basis. The end-point position represents the CRD IV end-point definition applicable from 1 January 2022.

average of 1.26% which was 0.58% above the industry average[3] for which comparable data is available; and

- The Society achieved a net customer satisfaction rating of 93%[4] for the first six months of 2018 (six months ended 30 June 2017: 92%).

Mortgages and Savings division

- The division produced a PBT of £65.8m, compared to £41.5m for the same period in 2017, an increase of £24.3m (or 58.6%). The increase is primarily due to £8.1m net gains on fair value movements in relation to the Society's equity release book and the comparative period including a £15.0m loss recognised on disposal of £220m of non-performing or recently non-performing loans;
- On an underlying basis, the division reported PBT of £57.1m compared to £58.8m for the six months ended 30 June 2017;
- When expressed as a percentage of mean assets, the Group net interest margin increased to 1.14%, compared to 1.11% for the six months ended 30 June 2017;
- The division's administrative costs increased by 2.3% to £70.4m from £68.8m in the first six months of 2017, however the management expense ratio of the division improved to 0.67% (six months ended 30 June 2017: 0.72%)[5] and the cost income ratio also improved, to 54.3% (six months ended 30 June 2017: 55.3%);
- The Society remains primarily funded by retail savings, which represents 82.2% of total funding (31 December 2017: 84.6%);
- The division also takes deposits through its Guernsey based subsidiary, Skipton International Limited (SIL). Offshore deposits increased by 2.7% to £1,425m from £1,388m at 31 December 2017;
- SIL also provide mortgages for properties in Guernsey and Jersey and buy-to-let properties in the UK, and saw an increase in mortgage balances of 5.8% to £1,255m from £1,186m at 31 December 2017;
- SIL increased PBT by £1.5m (17.6%) to £10.0m (six months ended 30 June 2017: £8.5m);
- The Group's prudent approach to lending is demonstrated by the number of Group residential mortgages in arrears by three months or more. These represent only 0.34% of mortgage accounts (31 December 2017: 0.36%), which compares to an industry average of 0.81%[6];
- The Society's three months or more arrears levels fell to 0.28% at 30 June 2018 (31 December 2017: 0.29%). The quality of the SIL mortgage book also remains very strong with only two accounts in arrears by three months or more (31 December 2017: one);
- The percentage of cases in Amber Homeloans and North Yorkshire Mortgages in arrears by three months or more were 2.41% and 1.01% respectively (31 December 2017: 2.51% and 0.78%). Both books are closed to new business and have been in run-off since 2008;
- The average indexed loan-to-value of residential mortgages across the division at 30 June 2018 was 47.9% (31 December 2017: 47.2%); and
- The Society drew down £1,000m of funding under the Government's Term Funding Scheme (TFS) during the period (six months ended 30 June 2017: £500m). At the end of the period the Society had drawn a total of £1,850m under the scheme (31 December 2017: £1,400m) having also repaid £550m during the period.

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[3] Source: CACI's CSDB, Savings stock, latest available comparable market data for the four months ended 30 April 2018.

[4] As measured from an independent third party survey of 1,200 Society members. The net customer satisfaction score is calculated by subtracting the percentage of customers who are dissatisfied (those scoring satisfaction with the Society as 1-3 on a scale of 1-7) from the percentage of customers who are satisfied (those scoring satisfaction as 5-7 on the same scale).

[5] Administrative expenses as a percentage of mean total assets. Mean total assets is the average of total assets as at 30 June 2018 and 31 December 2017 as shown within the Statement of Financial Position.

[6] Source: UK Finance (previously CML), industry arrears data (residential mortgages in arrears by more than three months) as at 31 March 2018, being the latest available comparable market data.

Estate agency division

- Connells, the Group's estate agency division, reported profits before tax of £28.9m (six months ended 30 June 2017: £31.5m). This represents a pleasing result in a difficult UK housing market;
- EBITDA[7], which is a common financial reporting measure for the estate agency industry, was £37.0m (six months ended 30 June 2017: £38.1m);
- The UK housing market remains challenging with overall numbers of transactions below the same period in 2017. Consequently, the number of house sales (exchanges) agreed by Connells in the period was 3.8% below the comparative period in 2017. Revenue within Connells' other divisions continues to increase, with lettings income up 6.5%, mortgage services income up 14.0% and survey and valuations income up 4.3%, further demonstrating the benefits of Connells' diversified business model.

Today, Connells also announces its results for the first half of 2018 and further details can be found here.

Other subsidiaries

- Skipton Business Finance, a provider of debt factoring and invoice discounting to small and medium-sized enterprises, recorded a PBT of £1.7m (six months ended 30 June 2017: £1.6m); and
- Jade Software Corporation, a software solutions provider and the provider of the Society's core database and software development language, recorded a PBT of £1.7m (six months ended 30 June 2017: £0.2m).

Giving something back to our communities

- The Society continues to support its aim to become a dementia-friendly Society and has 'Dementia Friends' in all of its branches. All new starters in Skipton Direct and the Society's branches now attend a Dementia Friends information session as part of their induction;
- A group of colleagues raised over £16,000 for the Walk the Walk charity which supports those living with cancer, when they took part in the London Moonwalk in memory of Rachel Fawcett, Skipton's former Chief HR Officer;
- Skipton has continued to play a role with The Silver Line charity, which supports older people who may be lonely and isolated. In the first half of 2018, 34 of the Society's colleagues were trained on the services offered by The Silver Line and a total of 150 colleagues as at the end of June had been trained to promote The Silver Line to people in the community;
- Through the Society's charitable foundation, over £65,000 has been donated to charities across the country during the first half of the year; and
- The Society's 2018 Grassroots Giving scheme, which supports community groups that are not registered charities, was launched with a social media competition which gave winners from previous years the chance to obtain an additional £500 of funding. This year the scheme will be giving away 165 pots of £500 to community groups across the country and as at 30 June 2018 had already been entered by over 300 community groups.

Delivering through our people

- A key factor in the Society's strong performance seen during the period and the ongoing high satisfaction of our customers is our people. The Society is focused on ensuring its people are highly engaged and motivated to deliver a great experience for our customers both now and in the future;
- In June 2018, the Society achieved an employee engagement score of 89% (2017: 88%), well above financial services industry norms;
- For the fourth year in a row the Society was included in the Sunday Times *Top 100 Companies to Work For;* and

[7] EBITDA is calculated as profit before tax, interest, depreciation, amortisation, impairment and contingent consideration. It also excludes profits on disposal of group undertakings and fixed assets, income from joint ventures, dividends from, and fair value movements on, equity share investments and dividends to non-controlling interests.

- The Society has been shortlisted, for the second year running, for the finals of the 2018 UK Customer Experience Awards in three categories. The awards are in their ninth year and have grown to be one of the biggest customer experience awards of their kind in the world.

Outlook

Underlying performance during the second half of 2018 is not expected to be materially different to that achieved during the first half of the year, with the exception that growth in membership numbers is forecast to moderate following the phenomenal success of cash LISAs over the last 12 months.

Following approval given by their members at their AGM on 25 July 2018, and subject to approval by the Prudential Regulation Authority, Skipton remains on track to merge with Holmesdale Building Society on 1 October 2018.

During the next six months the Brexit negotiations should have concluded, and the Society is well placed to face any outcome. The outlook for the housing market is notoriously difficult to predict, being so driven by sentiment, but at present it remains subdued. Downward pressure on net interest margins is expected into 2019, largely due to strong competitive forces in the UK prime residential mortgage market.

ENDS

For further information, or to arrange interviews, please contact the Skipton Press Office on 03456 017247, email newsline@skipton.co.uk or visit the press section of our website at www.skipton.co.uk.

Follow us on Twitter: @SkiptonBS_press

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If outside Press Office hours (8.30am – 5pm, Monday to Friday), please call 07793 699 878.

Editors' note

1. Skipton is the UK's fourth largest building society, with over 971,000 members, £22bn of assets and a national presence represented by its network of 87 branches. Skipton offers mortgages, savings and restricted financial advice. It heads the Skipton Building Society Group, whose subsidiary companies include Skipton International Limited and significant interests in estate agency and related businesses through the Connells group.

Skipton Building Society
Results for the half year ended 30 June 2018

Consolidated income statement

	6 months to 30.06.18	6 months to 30.06.17	12 months to 31.12.17
	£m	£m	£m
Interest receivable and similar income	**228.2**	194.9	400.0
Interest payable and similar charges	**(106.5)**	(87.1)	(179.4)
Net interest receivable	**121.7**	107.8	220.6
Fees and commissions receivable	**232.0**	230.6	477.9
Fees and commissions payable	**(2.9)**	(4.3)	(8.1)
Fair value gains on hedging instruments and hedged items	**0.1**	1.6	1.5
Fair value gains on other derivatives	**24.2**	-	-
Fair value losses on equity release portfolio	**(16.1)**	-	-
Profit on treasury assets held at available-for-sale	**-**	2.7	2.7
Loss on disposal of mortgage assets	**-**	(15.0)	(15.0)
Profit / (loss) on disposal of subsidiary undertakings	**2.4**	(3.9)	11.3
Profit on disposal of joint ventures	**-**	0.9	0.9
Profit on disposal of equity share investments	**-**	-	38.5
Dividend income from equity share investments	**-**	0.6	0.6
Share of profits from joint ventures	**0.1**	1.0	2.0
Other income	**0.8**	2.3	2.7
Total income	**362.3**	324.3	735.6
Administrative expenses	**(249.7)**	(253.9)	(523.1)
Operating profit before impairment and provisions	**112.6**	70.4	212.5
Impairment (losses) / credit on loans and advances to customers	**(1.7)**	4.2	4.0
Impairment losses on liquid assets	**(0.1)**	-	-
Impairment losses on equity share investments	**-**	(0.1)	(0.1)
Realised losses on equity release portfolio	**(0.4)**	-	-
Provisions for liabilities	**(5.7)**	(7.5)	(16.3)
Profit before tax	**104.7**	67.0	200.1
Tax expense	**(22.4)**	(16.5)	(41.9)
Profit for the period	**82.3**	50.5	158.2
Profit for the period attributable to:			
Members of Skipton Building Society	**82.3**	50.5	158.2
	82.3	50.5	158.2

Skipton Building Society
Results for the half year ended 30 June 2018

Underlying Group PBT for the six months ended 30 June 2018 was £94.9m (six months ended 30 June 2017: £87.4m; year ended 31 December 2017: £165.7m):

	6 months to 30.06.18	6 months to 30.06.17	12 months to 31.12.17
	£m	£m	£m
Total Group profit before tax	**104.7**	67.0	200.1
Less profit / add back loss on disposal of subsidiary undertakings	**(2.4)**	3.9	(11.3)
Less profit on disposal of other Group undertakings	**-**	(0.9)	(39.4)
Less net movements in fair value in relation to the equity release portfolio (note 1)	**(8.1)**	-	-
Add back loss on disposal of mortgage assets	**-**	15.0	15.0
Add back impairment of goodwill	**1.3**	-	-
Add back impairment of equity share investments	**-**	0.1	0.1
Less credit / add back charge for FSCS levy	**(0.6)**	2.3	1.2
Underlying Group profit before tax	**94.9**	87.4	165.7

Note

1. Underlying Group PBT excludes items that are not generated from the Group's core trading activities to give greater transparency of the performance of the Group's ongoing trading activities.

   The Group adopted new accounting standard IFRS 9 with effect from 1 January 2018, which has resulted in a significant change in accounting for the Group's equity release portfolio. Under IFRS 9, the Group's equity release portfolio is held entirely at fair value with resulting gains / losses taken to the Income Statement; the use of hedge accounting is no longer available for the portfolio and, as a result, the Group is exposed to significant Income Statement volatility. Therefore gains / losses arising from movements in the fair value of the equity release portfolio, including fair value movements in the associated derivatives held to commercially hedge the fair value movements of the portfolio, are excluded from underlying Group PBT on the grounds that such gains / losses are not reflective of the underlying trading performance of the business.

   As permitted under IFRS 9, comparative information has not been restated in the Group's financial statements, therefore underlying PBT for the comparative periods has not been restated in the table above.

Skipton Building Society
Results for the half year ended 30 June 2018

Consolidated statement of comprehensive income

	6 months to 30.06.18 £m	6 months to 30.06.17 £m	12 months to 31.12.17 £m
Profit for the period	**82.3**	50.5	158.2
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurement gains on defined benefit obligations	**2.7**	5.9	10.2
Income tax on items that will not be reclassified to profit or loss	**(0.4)**	(1.3)	(1.9)
	2.3	4.6	8.3
Items that may be reclassified subsequently to profit or loss:			
Movement in available-for-sale reserve:			
Valuation gains taken to equity	**-**	6.6	8.1
Realised gains transferred to Income Statement	**-**	(2.8)	(43.0)
Movement in cash flow hedging reserve:			
Losses taken to equity	**(0.5)**	(1.0)	(0.7)
Realised gains transferred to Income Statement	**-**	-	(1.9)
Gains reclassified to Income Statement	**-**	(1.7)	(1.7)
Movement in fair value reserve (debt securities):			
Losses taken to equity	**(0.7)**	-	-
Exchange differences on translation of foreign operations	**(0.2)**	-	(0.4)
Income tax on items that may be reclassified to profit or loss	**0.2**	(0.6)	7.1
	(1.2)	0.5	(32.5)
Other comprehensive income / (expense) for the period, net of tax	**1.1**	5.1	(24.2)
Total comprehensive income for the period	**83.4**	55.6	134.0
Total comprehensive income attributable to:			
Members of Skipton Building Society	**83.4**	55.6	134.0
	83.4	55.6	134.0

Skipton Building Society
Results for the half year ended 30 June 2018

Consolidated statement of financial position

	As at 30.06.18 £m	As at 30.06.17 £m	As at 31.12.17 £m
Assets			
Cash in hand and balances with the Bank of England	**2,833.4**	1,856.6	2,396.9
Loans and advances to credit institutions	**403.0**	397.4	345.3
Debt securities	**1,004.7**	870.0	791.1
Derivative financial instruments	**82.3**	101.5	94.2
Loans and advances to customers held at amortised cost	**16,930.6**	16,380.6	16,972.7
Equity release portfolio at fair value through profit or loss	**411.4**	-	-
Deferred tax asset	**41.7**	30.3	30.4
Investments in joint ventures	**11.5**	11.8	12.8
Equity share investments	**0.8**	41.2	0.4
Property, plant and equipment	**78.5**	79.6	78.2
Investment property	**13.9**	14.5	14.4
Intangible assets	**162.4**	162.9	164.4
Other assets	**87.0**	115.7	122.8
Total assets	**22,061.2**	20,062.1	21,023.6
Liabilities			
Shares	**15,438.1**	14,655.3	14,985.8
Amounts owed to credit institutions	**1,891.3**	895.1	1,483.2
Amounts owed to other customers	**1,700.3**	1,713.4	1,805.1
Debt securities in issue	**1,014.3**	733.2	666.4
Derivative financial instruments	**283.0**	330.2	318.5
Current tax liability	**20.7**	15.6	19.9
Other liabilities	**56.0**	160.9	110.4
Accruals	**38.2**	43.5	50.5
Deferred income	**2.8**	2.3	3.7
Provisions for liabilities	**25.1**	26.1	26.1
Deferred tax liability	**7.0**	13.8	7.4
Retirement benefit obligations	**93.2**	104.7	100.2
Subscribed capital	**41.6**	41.6	41.6
Total liabilities	**20,611.6**	18,735.7	19,618.8
Members' interests			
General reserve	**1,442.3**	1,285.0	1,396.4
Available-for-sale reserve	**-**	34.4	3.1
Fair value reserve	**2.6**	-	-
Cash flow hedging reserve	**(0.3)**	1.4	0.1
Translation reserve	**5.0**	5.6	5.2
Total members' interests	**1,449.6**	1,326.4	1,404.8
Total members' interests and liabilities	**22,061.2**	20,062.1	21,023.6

Skipton Building Society
Results for the half year ended 30 June 2018

Consolidated statement of cash flows

	6 months to 30.06.18 £m	6 months to 30.06.17 £m	12 months to 31.12.17 £m
Cash flows from operating activities			
Profit before tax	**104.7**	67.0	200.1
Adjustments for:			
Impairment charge / (credit) on loans and advances to customers	**1.7**	(4.2)	(4.0)
Loans and advances written off, net of recoveries	**(1.1)**	(1.1)	(2.3)
Impairment losses on liquid assets	**0.1**	-	-
Impairment of goodwill	**1.3**	-	-
Depreciation and amortisation	**10.7**	10.2	21.0
Impairment of property, plant and equipment	**-**	-	0.1
Impairment losses on equity share investments	**-**	0.1	0.1
Dividend income from equity share investments	**-**	(0.6)	(0.6)
Interest on subscribed capital and subordinated liabilities	**2.2**	4.5	6.8
Profit on sale of property, plant and equipment, investment property and intangible assets	**(0.3)**	(1.5)	(1.6)
Profit on treasury assets	**-**	(2.7)	(2.7)
Loss on disposal of mortgage assets	**-**	15.0	15.0
Share of profits from joint ventures	**(0.1)**	(1.0)	(2.0)
Profit on disposal of joint ventures	**-**	(0.9)	(0.9)
Profit on disposal of equity share investments	**-**	-	(38.5)
(Profit) / loss on disposal of subsidiary undertakings	**(2.4)**	3.9	(11.3)
Losses from changes in fair value of cash flow hedges	**(0.5)**	(1.0)	(0.7)
Fair value losses on the equity release portfolio	**16.1**	-	-
Remeasurement gains on defined benefit obligations	**2.7**	5.9	10.2
Other non-cash movements	**(1.6)**	(4.2)	(3.2)
	133.5	89.4	185.5
Changes in operating assets and liabilities:			
Movement in prepayments and accrued income	**(2.0)**	(0.6)	(0.7)
Movement in accruals and deferred income	**(24.3)**	(32.5)	(4.2)
Movement in provisions for liabilities	**(1.0)**	3.5	3.7
Movement in fair value of derivatives	**(23.6)**	(67.5)	(71.9)
Movement in fair value adjustments for hedged risk	**0.7**	63.5	59.7
Fair value movements in debt securities	**2.7**	9.6	10.5
Movement in loans and advances to customers	**(454.4)**	(893.2)	(1,487.7)
Disposal of mortgage assets	**-**	197.3	197.3
Purchase of mortgage assets	**-**	-	(19.7)
Movement in shares	**484.9**	551.5	888.7
Income Statement (credit) / charge for fair value of subsidiary management incentive scheme liability	**(4.0)**	2.5	9.7
Net movement in amounts owed to credit institutions and other customers	**301.0**	457.1	1,138.6
Net movement in debt securities in issue	**348.6**	202.5	136.7
Net movement in loans and advances to credit institutions	**(100.4)**	21.8	49.5
Net movement in other assets	**31.3**	(12.5)	(4.2)
Net movement in other liabilities	**(46.8)**	54.8	(9.8)
Income taxes paid	**(20.8)**	(20.8)	(41.5)
Net cash flows from operating activities	**625.4**	626.4	1,040.2

Skipton Building Society
Results for the half year ended 30 June 2018

Consolidated statement of cash flows (continued)

	6 months to 30.06.18 £m	6 months to 30.06.17 £m	12 months to 31.12.17 £m
Net cash flows from operating activities	**625.4**	626.4	1,040.2
Cash flows from investing activities			
Purchase of debt securities	**(628.1)**	(403.4)	(666.5)
Proceeds from disposal of debt securities	**411.8**	581.8	922.9
Purchase of property, plant and equipment and investment property	**(8.2)**	(10.0)	(17.5)
Purchase of intangible assets	**(1.9)**	(3.2)	(6.0)
Proceeds from disposal of property, plant and equipment, investment property and intangible assets	**1.2**	3.4	4.8
Dividends received from equity share investments	**-**	0.6	0.6
Exercise of share options in subsidiary management incentive scheme	**(9.8)**	(6.5)	(6.5)
Exercise of put options held by non-controlling shareholders	**(0.2)**	-	-
Proceeds from disposal of equity share investments	**-**	-	40.8
Proceeds from disposal of joint ventures	**-**	1.0	1.0
Dividends received from joint ventures	**1.4**	1.6	1.6
Purchase of subsidiary undertakings, net of cash acquired	**-**	-	(0.6)
Purchase of non-controlling interest	**-**	(6.6)	(6.6)
Contingent consideration received following disposal of subsidiary (net of costs)	**5.3**	-	-
Cash paid on disposal of subsidiary undertaking	**-**	(1.5)	(1.5)
Investment in equity share investments	**(0.4)**	-	(0.1)
Purchase of other business units	**(0.5)**	-	(1.1)
Deferred consideration paid in respect of prior year acquisitions of subsidiary undertakings and business units	**(0.1)**	(0.2)	(1.8)
Net cash flows from investing activities	**(229.5)**	157.0	263.5
Cash flows from financing activities			
Redemption of subordinated liabilities	**-**	(10.0)	(10.0)
Repurchase of subordinated liabilities	**-**	(65.4)	(65.4)
Repurchase of subscribed capital	**-**	(50.0)	(50.0)
Interest paid on subordinated liabilities	**-**	(1.2)	(2.6)
Interest paid on subscribed capital	**(2.2)**	(3.3)	(6.3)
Net cash flows from financing activities	**(2.2)**	(129.9)	(134.3)
Net increase in cash and cash equivalents	**393.7**	653.5	1,169.4
Cash and cash equivalents at 1 January	**2,455.0**	1,285.6	1,285.6
Cash and cash equivalents at end of period	**2,848.7**	1,939.1	2,455.0

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

	Unaudited as at 30.06.18 £m	Unaudited as at 30.06.17 £m	Unaudited as at 31.12.17 £m
Cash in hand and balances with the Bank of England	**2,833.4**	1,856.6	2,396.9
Mandatory reserve deposit with the Bank of England	**(43.2)**	(25.1)	(26.3)
	2,790.2	1,831.5	2,370.6
Loans and advances to credit institutions	**58.5**	107.6	84.4
Cash and cash equivalents at end of period	**2,848.7**	1,939.1	2,455.0