

## FINANCIAL RESULTS RELEASE

**In our 170<sup>th</sup> year, Skipton Group continues to help members and customers through uncertain times, enabled by the capabilities and resources within the Group to realise the benefits of membership**

### Group performance

The Skipton Group which includes the UK's largest estate agency, performed strongly in the first half of 2023:

- Group profit before tax (PBT) of £148.9m (June 2022: £160.0m); with underlying Group PBT<sup>1</sup> of £143.8m (June 2022: £148.5m).
- Our robust Group financial performance has enabled profit-reinvestment in 2023 for members, most notably:
  - The launch of our Track Record mortgage to help those trapped in expensive rents access the finance needed to own a home of their own;
  - Access to a new highly competitive member benefit regular saver product that pays an interest rate of 7.5%;
  - A free Home Energy Efficiency Assessment Report (EPC Plus) offered to all members, to help them on their journey to greening their homes and making them more energy efficient;
  - Over £57m given to members through above market average savings rates;
  - Ever-improving (and award-winning) customer service, despite increased demand; and
  - Within our Estate Agency, we have maintained our market share, helping one in ten of home buyers and sellers with their individual needs and, we have seen improvements in transaction values and volumes from Q1 to Q2.
- We have delivered against our strategic priorities, with highlights being:
  - £3.4bn of mortgage advances, up 27% year on year;
  - Nearly 9,000 first-time buyers helped, up 43% year on year;
  - Mortgage arrears of three months or more remained low at 0.18% of mortgage assets;
  - Increased market share in both mortgages and savings;
  - We paid 0.61% above the market average to our savers;
  - Financial advice customers up 3.2%; and
  - Committed to donating 1% of the Group's PBT to causes linked to our purpose.
- Group financial performance is underpinned by our strong asset quality, capitalisation, liquidity and funding profiles and these firm, sustainable foundations have enabled us to deliver the following achievements:
  - Society membership growth of 3.1% to over 1.17 million.
  - Group mortgage balances growth of 6.8% to £27.2bn.
  - Society savings balances growth of 5.2% to £23.6bn.
  - A liquidity coverage ratio (LCR)<sup>2</sup> of 186% at June 2023 (December 2022: 175%). Liquidity levels are well above regulatory limits in view of the challenges recently seen by some US banks.
  - Group UK residential mortgages in arrears by three months or more are only 0.18% of mortgage accounts at the end of June 2023, well below the industry average.

<sup>1</sup> The following items are excluded from statutory profit to arrive at underlying profit: gains or losses on disposal of Group undertakings, impairment of Group undertakings and goodwill, fair value movements in relation to the equity release portfolio and fair value movements in equity share investments and share warrants.

<sup>2</sup> The LCR, CET 1 ratio and leverage ratio are each presented in respect of Skipton's prudential consolidation group; this comprises the entire Group except Connells and a small number of other entities.

- A strong capital position - Common Equity Tier 1 (CET 1) and leverage ratios<sup>2</sup> of 26.3% and 6.9% (December 2022: 25.8% and 6.8%) respectively<sup>3</sup>.
- Group net interest margin increased to 1.62% (June 2022: 1.29%) reflecting the rising interest rate environment which created opportunities in the period to generate higher net income which we shall invest to deliver future benefits for our members.
- Skipton Building Society's PBT increased to £127.8m (June 2022: £101.9m).

*"We are making good progress in both growth and transformation initiatives across our three strategic priorities – Helping More People Have a Home; Making Money Work Harder; and Making Membership Matter.*

*We have an ambition to make a positive impact through Buying & Selling Homes with our Estate Agencies and by financing homes through our Home Financing business, in order to tackle the UK's housing crisis by enabling more first-time buyers to realise their homeownership aspirations without access to 'the bank of Mum and Dad'.*

*The launch of our life-changing Track Record mortgage enables people trapped in rental cycles to access the property ladder for the first time, via the only deposit-free 100% mortgage. Not only does this help people realise their homeownership aspirations, they are saving money too compared to more expensive rental payments. The value of this product has been clearly demonstrated, with applications totalling over £28m since its launch in May.*

*We are embarking on our Transformation Programme in order to further upgrade our digital capability to sit alongside our human touch and member centric service.*

*We are able to provide free financial advice to our members, helping them decide on their saving and investment options, and ultimately to make their money work harder. With access to a financial adviser in every one of our branches, this is a service that sets us apart from competitors.*

*We have aligned our structure to our purpose. Our Group structure and the leadership team has been strengthened in the first half of 2023 to help turn our three priorities, and all our Group potential, into a reality. It is our Group platform that allows us to support members and customers in every stage of the home-owning process - saving, buying, protecting, greening, selling and investing".*

**Stuart Haire, Skipton Group Chief Executive**

## **Group Chief Executive's Statement**

Our founding purpose is to help more people have a home, help people save for life ahead and support long term financial wellbeing. We have a compelling strategy for 2023, with three clear priorities to make a difference, centred on leveraging Skipton Group's unique business mix for the long-term best interests of our members.

Priority number one is **Helping More People Have a Home**- where we will continue to develop new capability to support more people into homeownership and improve the customer journey for buying and selling homes, whilst continuing to grow our lettings business.

Priority number two is **Making Money Work Harder**- where we will continue to invest more to ensure our members receive above-market interest rates for their savings and have access to free financial advice to help them plan their financial futures.

Our third priority is **Making Membership Matter**- where our members will see and feel the value of Skipton membership.

In May we took a stand, by launching a new option for aspiring first-time buyers that no lender has before - our Track Record mortgage helps those trapped in expensive rents to get access to a mortgage. I feel very strongly that we can and should do more to support our potential and current members with this massive housing challenge; it links clearly to our founding purpose and why building societies exist. I could not be prouder of the impact it is having.

In June we launched a new highly competitive member benefit product in the form of a regular saver that pays an interest rate of 7.5%, allowing members to make the most of their hard-earned savings. Earlier this year we offered all our members a free Home Energy Efficiency Assessment Report (EPC Plus), to help them on their journey to greening their homes and making them more energy efficient.

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<sup>3</sup> The Society submitted updated internal ratings-based (IRB) models to the Prudential Regulation Authority (PRA) in 2021; the process for review and approval is ongoing and therefore the models remain subject to change until the models are approved by the PRA. At present a temporary model adjustment (TMA) has been applied to estimate what the final impact will be in moving to regulator approved hybrid IRB models.

The Skipton Group touches each aspect of the property journey like no other organisation; from first-to-market savings products like the cash Lifetime Individual Savings Account (Lifetime ISA); to innovative mortgage products; combined with the UK's largest estate agency supporting members, sellers and buyers alike. We are making good progress to leverage the Group's structure, unique mix of businesses and, of course, our proud mutual status to be there during the moments that matter to our members. Our Society's performance in the first half of 2023 casts no doubt on just how valued it is - with growth in member numbers, mortgage and savings balances. Again, I want to thank my colleagues for all their hard work.

I joined Skipton Group with a passion to collaborate with like-minded colleagues who want to help as many people as possible in achieving their financial and home security dreams. Looking ahead, we are uniquely placed to help even more people have a home, save for their life ahead and deal with these testing financial times.

## Individual Business Performance

### Home Financing

Our Home Financing business is designed to provide finance in order to access the housing market and 'Help More People Have a Home'. Performance in the first half of 2023 was strong:

- Group mortgage balances growth of 6.8% to £27.2bn;
- Helping more people on to the housing ladder through the launch of our new, no deposit Track Record mortgage;
- Overall, we helped 8,951 first-time buyers in the period (June 2022: 6,200) get financing for their first homes;
- Variable rate mortgage customers shielded from base rate rises, with only 0.5% of the 1.5% rise in the period passed on to our Mortgage Variable Rate (MVR) and Standard Variable Rate (SVR) borrowers;
- The Group's UK residential mortgages in arrears by three months or more remained low, totalling 324 cases at June 2023, representing only 0.18% of mortgage accounts (December 2022: 285 cases, representing 0.17% of mortgage accounts), which compares very favourably to the industry average of 0.72%<sup>4</sup>. This is testament to our strong up front lending controls and proactive credit management, whereby we closely monitor and manage mortgages that have fallen into arrears working closely with borrowers to find solutions that are appropriate for their individual circumstances. Furthermore, we have signed up to the Mortgage Charter, which outlines the standards lenders have agreed to uphold for customers affected by the increase in mortgage rates and the elevated cost of living; and
- Enhanced service to our mortgage customers - the Home Financing business has enhanced its focus on how we monitor our success to ensure we are always providing outstanding experience to our members and customers. This is reflected in the Home Financing businesses strong net customer satisfaction score of 94%<sup>5</sup>. Our service remained strong despite large application volumes, with average time to offer of 8.6 days.

### Money

Our Money business helps our members' 'Money Work Harder' and combines our savings and financial advice businesses with our online, branch and contact centre capabilities. Performance highlights include:

- Society savings balances growth of 5.2% to £23.6bn;
- In the first five months of the year (being the latest available data) we paid 0.61% above the market average to savers - this equates to an extra £57.5m in our members' pockets<sup>6</sup>;
- Being the UK's first and one of the biggest providers of the cash LISA, the Society now holds balances of £1.2bn (December 2022: £1.1bn) for LISA customers saving hard for their first home or for later life; these customers benefitted from Government bonuses in the period of £38.3m (June 2022: £45.8m); and
- Savings customer satisfaction remains strong - our Money business achieved a net customer satisfaction rating of 86% in the first half of the year<sup>5</sup>.

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<sup>4</sup> Source: UK Finance industry arrears data (residential mortgages in arrears by more than three months) at 31 March 2023 - being the latest available data.

<sup>5</sup> As measured from an in-house relationship survey of c.4,000 Home Financing and c.4,000 Money members and customers. The customer satisfaction scores are calculated as the percentage of customers who are satisfied (those scoring satisfaction as 5, 6 or 7 minus those scoring 1, 2 or 3 on a scale of 1-7).

<sup>6</sup> Source: CACI's Current Account & Savings Database, Stock - Jan-May 2023

## Connells group

- The fallout from the mini-budget stalled the housing market in Q4 2022 and Connells group entered 2023 with a sales pipeline 26% lower than the prior year. The challenging economic environment continued to impact upon the housing market in the first half of the year, resulting in Connells' revenue in the period being £452.9m, which was 10% down on the first six months of 2022 (£502.7m);
- As a result, the group incurred a net loss before tax of £(5.8)m (June 2022: £28.9m profit). Earnings before interest, tax, depreciation and amortisation (EBITDA)<sup>7</sup>, a common measure of estate agency performance, was £16.4m compared with £63.1m for the same period in 2022;
- Nevertheless, Connells has maintained its market share (of 10%), and continues to have a strong balance sheet and substantial cash reserves; consequently, Connells group remains well placed to capitalise on whatever market conditions present themselves going forward;
- Throughout the first half of 2023 we have seen positive signs of improvement as transaction volumes recover. Rather than waiting, home buyers remain active but are exercising caution, with many adjusting their property expectations and approach to financing.

## Other business lines

### Skipton International Limited (SIL)

- Our Guernsey-based business carries out mortgage lending in the Channel Islands and UK and accepts deposits from an international customer base.
- SIL continues to make a strong contribution to the Group, with pre-tax profits of £24.5m (June 2022: £18.0m) and mortgages and savings balances of £2.1bn and £2.2bn respectively (December 2022: £2.0bn and £2.2bn respectively).
- The quality of the mortgage book remains excellent, with no cases in arrears by three months or more (December 2022: no cases).

### Skipton Business Finance (SBF)

- SBF, our asset-based provider of working capital facilities to small and medium-sized enterprises (SMEs), generated profits of £4.5m in the period (June 2022: £3.2m).
- Following removal of Covid-related Government support schemes, and in light of UK inflationary pressures building across the UK, SBF has been able to help more SMEs amidst increasing demand for working capital support, with a total portfolio comprising 865 clients as at June 2023 (December 2022: 838); with total drawn funds of £160.8m at June 2023 (December 2022: £138.3m).
- The quality of SBF's lending during these turbulent times continues to be excellent, with impairment as a percentage of drawn funds remaining low at 0.7% (December 2022: 0.8%).

### Jade Software Corporation

- Jade Software Corporation is a software solutions provider based in New Zealand that specialises in digital, AI and large IT enterprise solutions, as well as being the provider of our core database and software development language. Jade contributed PBT of £0.5m to the Group (June 2022: £0.3m).

## Demonstration of how we are delivering on our strategy in 2023

### Helping More People Have a Home

**Charlotte Harrison, Interim CEO – Home Financing said:** *"We help one in ten individuals buy and sell homes in the UK through our estate agency network, whilst the Society has specifically supported 8,951 first-time buyers in the period (including a record 1,038 completions in June) - providing financing to get the keys to their first home".*

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<sup>7</sup> Connells' EBITDA excludes interest charged on debt financing, interest received, taxes paid, depreciation and amortisation, gains/losses on disposal of investments, impairment and fair value movements of group undertakings, profit or loss from joint ventures and dividends paid to non-controlling interests.

- The Group's mortgage portfolio has grown by 6.8% to £27.2bn at June 2023 (June 2022: 3.1% to £24.0bn); increasing our market share of mortgage balances to 1.60% (December 2022: 1.49%)<sup>8</sup>.
- Our International business SIL, based in Guernsey, Channel Islands has developed a UK mortgage proposition specifically for UK buy-to-let investors resident overseas. The offering is as simple and hassle-free as possible - no product fees when your existing rate matures; approved in principle within 10 minutes online, by phone or video (Zoom or Teams); and a personal point of contact throughout the process.
- Only 0.5% of the 1.5% rise in Bank of England base rate seen this year has been passed on to our MVR and SVR borrowers. Consequently, we have one of the lowest mortgage revert rates in the market at 6.79% (as at 1 August 2023).

### Making Money Work Harder

**Andrew Bottomley, CEO – Money said:** *"We are committed to paying a competitive savings rate and have passed on 1.13% of the 1.5% change in base rate increases seen in the period to our savers, meaning our minimum variable savings rate has increased from 1.75% to 3.0% at the reporting date".*

- In June we launched a new highly competitive member benefit product in the form of a regular saver that pays an interest rate of 7.5%, allowing members to make the most of their hard-earned savings.
- The Society's competitive savings rates resulted in balances growing in the period by 5.2% (or £1.2bn) to £23.6bn (June 2022: 6.0% (or £1.2bn) to £21.0bn), compared to the UK savings market where net savings grew by only 1.7%<sup>9</sup>.
- Free financial advice is now being offered to all members, helping them decide their saving and investment goals. In the first half of 2023, 5,649 customers attended appointments to obtain financial advice; and as at June 2023 we had 48,237 financial advice customers, with funds under management totalling £4.1bn (December 2022: £3.9bn).
- Skipton International offers some of the best offshore interest rates and is committed to providing personal service - a winning combination when depositing money in an offshore savings account. We offer Sterling and US Dollar savings in fixed rate bonds, notice and easy access accounts.

### Making Membership Matter

- In January, Skipton extended the offer of a free EPC Plus to all Society savings and mortgage members, furthering our ambition to play a leading role in helping green the UK's housing stock. Since launch in November 2022, 7,198 surveys have been conducted providing £492k of benefit to members, with a further 133 scheduled (as of 30 June).
- The Society was proudly awarded the CCA Global Accreditation for Customer Experience recognising our commitment to driving service excellence. In the period we have increased our number of customer-facing colleagues against the backdrop of more members wanting to talk to us. Year-to-date the average time taken to answer mortgage-related calls is 105 seconds, whilst for savings related calls it is 140 seconds, despite the heavy call volumes seen over a record-breaking ISA season.
- Skipton International has been awarded the Platinum Trusted Service Provider Award by Feefo.
- Our commitment to our members through our products and services has also been recognised by independent third parties, being awarded Top Rated Lender in the Mortgage Finance Gazette & Mortgage Solutions Rated for Service Awards 2023 - we were one of only five lenders voted 'Top Rated' in every category.
- The branch network continues to play a key role in the Group's future plans. Skipton Building Society has 87 branches<sup>10</sup>, as part of a wider Group of over 1,200 branches including those of Connells. We will continue to invest in our network to ensure our branches remain relevant for customers now and in the future, as well as helping our members and customers in the different ways they choose to interact with us, such as by telephone and Skipton Link.
- Skipton Group has continued to deliver on our core values to support a better society today, for a better future tomorrow; making Environmental, Social and Governance (ESG), including climate resilience, central to our decision making. In 2023 we have strengthened the wider Group's engagement with our standards.

<sup>8</sup> Source: Bank of England statistics, 'Lending secured on dwellings' for the five months to May 2023.

<sup>9</sup> Source: Bank of England Statistics, May 2023

<sup>10</sup> In September we will close five of the Society's branches following a review of member usage, nearby alternatives and associated costs to maintain presence at these locations; we concluded this did not represent good value to members in these areas.

- We are adapting our services in order to become more accessible and inclusive. Amongst many initiatives, we have added British Sign Language (BSL) interpretation to the disclosure videos in branch and started to introduce service counters that now have a lowered central section, making them more accessible; whilst in June we joined the Hidden Disabilities scheme.
- The Skipton Group is committed to donating 1% of its pre-tax profit to charity each year. For 2023 this means donating over £2.9m to good causes and we're working to ensure members can have their say over who we support. We will deliver these funds through purposeful and aligned charity partnerships, the Skipton Building Society Charitable Foundation (which has now donated over £3m since its launch in 2000), and through colleague and community schemes.

**ENDS**

**Photos available on request.**

For more information, or if you would like insight and data on house prices, mortgages and savings from across the Skipton Group or commentary and case studies please contact:

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**Notes to Editors**

1. Skipton is the UK's fourth largest building society, with over one million customers, consolidated total assets of £35.6bn 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.
2. Skipton Group is creating an impact at the centre of the UK housing sector. The Group is made up of key businesses from across the housing and financial industry which includes Skipton Building Society, Connells group - the UK's largest estate agency and property services provider, which helps over one in ten individuals buying and selling homes; offshore finance capability through Skipton International; Skipton Business Finance and Jade Software Corporation.
3. Skipton Group is seeking to take a role in the acceleration of greening homes across the UK. Skipton Building Society in partnership with Vibrant (also part of the Skipton Group) is offering its 1.17 million members a free EPC Plus home assessment and bespoke report for their properties – the first of its kind.
4. The Society was the first Cash Lifetime ISA (LISA) provider and remains one of the biggest providers helping over 162,000 first-time buyers save for their first home.
5. The Society has been named the number three Best Big Company to Work For in the final 2022 national league table and has held 3-star Best Companies accreditation since 2021.
6. The Society is rated by two major credit rating agencies. Moody's assigns a long-term deposit and senior preferred rating of A2 with a stable outlook and a short-term rating of P-1. Fitch assigns a long-term deposit and senior preferred rating of A and a short-term rating of F1, also with a stable outlook.

**Skipton Building Society**  
**Results for the half year ended 30 June 2023**

**Consolidated income statement**

	6 months to 30.06.23 £m	6 months to 30.06.22 £m	12 months to 31.12.22 £m
Interest receivable and similar income:			
Accounted for using the effective interest rate method	770.3	307.6	806.7
Other	15.3	4.6	15.8
<b>Total interest receivable and similar income</b>	<b>785.6</b>	<b>312.2</b>	<b>822.5</b>
Interest payable and similar charges	(507.9)	(117.9)	(398.1)
<b>Net interest receivable</b>	<b>277.7</b>	<b>194.3</b>	<b>424.4</b>
Fees and commissions receivable	474.7	539.4	1,092.6
Fees and commissions payable	(2.6)	(6.9)	(14.7)
Fair value gains on financial instruments mandatorily held at FVTPL	3.4	11.8	1.3
Profit on disposal of subsidiary undertakings	-	0.1	0.1
Other income	1.7	2.2	3.9
<b>Total income</b>	<b>754.9</b>	<b>740.9</b>	<b>1,507.6</b>
Administrative expenses	(595.7)	(581.4)	(1,188.5)
<b>Operating profit before impairment and provisions</b>	<b>159.2</b>	<b>159.5</b>	<b>319.1</b>
Impairment (losses) / credit on loans and advances to customers	(9.3)	2.2	(17.1)
Impairment credit / (losses) on liquid assets	0.1	(0.1)	(0.1)
Impairment of goodwill	-	-	(0.8)
Realised losses on equity release portfolio	(0.5)	(0.4)	(0.7)
Provisions for liabilities	(0.6)	(1.2)	(1.6)
<b>Profit before tax</b>	<b>148.9</b>	<b>160.0</b>	<b>298.8</b>
Tax expense	(36.2)	(36.2)	(67.8)
<b>Profit for the period</b>	<b>112.7</b>	<b>123.8</b>	<b>231.0</b>
<b>Profit for the period attributable to:</b>			
Members of Skipton Building Society	112.8	123.8	231.2
Non-controlling interests	(0.1)	-	(0.2)
	<b>112.7</b>	<b>123.8</b>	<b>231.0</b>

Underlying Group PBT for the six months ended 30 June 2023 was £143.8m (six months ended 30 June 2022: £148.5m; year ended 31 December 2022: £297.7m) as shown below:

	6 months to 30.06.23 £m	6 months to 30.06.22 £m	12 months to 31.12.22 £m
Total Group profit before tax	148.9	160.0	298.8
Less profit on disposal of subsidiary undertakings	-	(0.1)	(0.1)
Add back / (less) fair value losses / (gains) in relation to equity release portfolio (note 1)	3.2	(11.5)	9.8
(Less) / add back fair value (gains) / losses on share warrants and equity share investments (note 2)	(8.3)	0.1	(11.6)
Add back impairment of goodwill	-	-	0.8
<b>Underlying Group profit before tax</b>	<b>143.8</b>	<b>148.5</b>	<b>297.7</b>

**Notes**

- The £3.2m loss (six months ended 30 June 2022: £11.5m gain; year ended 31 December 2022: £9.8m loss) is comprised of fair value losses on the portfolio of £17.3m (six months ended 30 June 2022: £61.5m losses; year ended 31 December 2022: £132.3m losses), and fair value gains of £14.1m (six months ended 30 June 2022: £73.0m gains; year ended 31 December 2022: £122.5m gains) on the associated derivatives held to economically hedge these fair value movements, included in the 'Fair value gains on financial instruments mandatorily held at FVTPL' line in the Income Statement.
- Included in the 'Fair value gains on financial instruments mandatorily held at FVTPL' line in the Income Statement.

**Skipton Building Society**  
**Results for the half year ended 30 June 2023**

**Consolidated statement of comprehensive income**

	<b>6 months to 30.06.23 £m</b>	<b>6 months to 30.06.22 £m</b>	<b>12 months to 31.12.22 £m</b>
<b>Profit for the period</b>	<b>112.7</b>	123.8	231.0
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Remeasurement losses on defined benefit obligations	<b>(3.8)</b>	(4.0)	(6.7)
Gains / (losses) on equity share investments designated at FVOCI	-	0.9	(8.5)
Income tax on items that will not be reclassified to profit or loss	<b>1.0</b>	-	0.4
	<b>(2.8)</b>	(3.1)	(14.8)
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Movement in cash flow hedging reserve:			
Gains taken to equity	<b>3.9</b>	35.0	47.8
Realised losses / (gains) transferred to Income Statement	<b>14.4</b>	(17.0)	(12.8)
Movement in fair value reserve (debt securities):			
Losses taken to equity	<b>(2.2)</b>	(12.3)	(22.3)
Impairment (credit) / loss allowance on debt securities held at FVOCI	<b>(0.1)</b>	0.1	-
Movement in cost of hedging reserve:			
(Losses) / gains taken to equity	<b>(1.9)</b>	1.5	3.8
Exchange differences on translation of foreign operations	<b>(0.7)</b>	0.1	0.4
Income tax on items that may be reclassified to profit or loss	<b>(4.0)</b>	(1.9)	(4.4)
	<b>9.4</b>	5.5	12.5
<b>Other comprehensive income / (expense) for the period, net of tax</b>	<b>6.6</b>	2.4	(2.3)
<b>Total comprehensive income for the period</b>	<b>119.3</b>	126.2	228.7
<b>Total comprehensive income attributable to:</b>			
Members of Skipton Building Society	<b>119.6</b>	126.2	228.9
Non-controlling interests	<b>(0.3)</b>	-	(0.2)
	<b>119.3</b>	126.2	228.7

**Skipton Building Society**  
**Results for the half year ended 30 June 2023**

**Consolidated statement of financial position**

	As at 30.06.23 £m	As at 30.06.22 £m	As at 31.12.22 £m
<b>Assets</b>			
Cash in hand and balances with the Bank of England	3,520.1	2,843.0	3,520.5
Loans and advances to credit institutions	538.6	471.6	631.9
Debt securities	2,939.0	2,904.9	2,640.3
Derivative financial instruments	1,794.1	759.3	1,355.1
Loans and advances to customers held at amortised cost	25,859.3	23,355.0	24,452.3
Loans and advances to customers held at FVTPL	1.1	1.1	1.0
Equity release portfolio held at FVTPL	265.6	348.0	278.7
Current tax asset	5.3	-	18.3
Investments in joint ventures	9.7	9.1	10.1
Equity share investments mandatorily held at FVTPL	1.4	2.4	1.2
Equity share investments designated at FVOCI	-	9.4	-
Property, plant and equipment	72.0	70.2	71.8
Right-of-use assets	104.2	96.3	106.7
Investment property	5.7	6.3	6.0
Intangible assets	319.0	334.1	323.4
Deferred tax asset	6.3	30.3	13.1
Retirement benefit surplus	-	1.5	-
Other assets	137.1	147.1	140.9
<b>Total assets</b>	<b>35,578.5</b>	<b>31,389.6</b>	<b>33,571.3</b>
<b>Liabilities</b>			
Shares	23,398.0	20,902.3	22,349.6
Amounts owed to credit institutions	3,062.2	2,556.4	2,963.3
Amounts owed to other customers	2,592.6	2,182.8	2,339.2
Debt securities in issue	2,647.3	2,614.0	2,591.6
Derivative financial instruments	550.1	323.0	415.6
Current tax liability	2.7	1.4	1.5
Lease liabilities	107.8	110.3	113.0
Other liabilities	74.7	100.1	83.7
Accruals	72.0	72.2	93.1
Deferred income	10.2	5.6	9.9
Provisions for liabilities	33.3	36.5	34.7
Retirement benefit obligations	30.5	30.5	29.6
Subordinated liabilities	643.3	322.3	311.8
Subscribed capital	41.6	41.6	41.6
<b>Total liabilities</b>	<b>33,266.3</b>	<b>29,299.0</b>	<b>31,378.2</b>
<b>Members' interests</b>			
General reserve	2,286.4	2,071.3	2,176.4
Fair value reserve	(18.7)	(0.3)	(16.9)
Cash flow hedging reserve	42.8	17.4	29.6
Cost of hedging reserve	(2.4)	(2.8)	(1.1)
Translation reserve	4.2	4.6	4.9
<b>Attributable to members of Skipton Building Society</b>	<b>2,312.3</b>	<b>2,090.2</b>	<b>2,192.9</b>
Non-controlling interests	(0.1)	0.4	0.2
<b>Total members' interests</b>	<b>2,312.2</b>	<b>2,090.6</b>	<b>2,193.1</b>
<b>Total members' interests and liabilities</b>	<b>35,578.5</b>	<b>31,389.6</b>	<b>33,571.3</b>

**Skipton Building Society**  
**Results for the half year ended 30 June 2023**

**Consolidated statement of cash flows**

	<b>6 months to 30.06.23 £m</b>	6 months to 30.06.22 £m	12 months to 31.12.22 £m
<b>Cash flows from operating activities</b>			
Profit before tax	<b>148.9</b>	160.0	298.8
Adjustments for:			
Impairment losses / (credits) on financial instruments	<b>9.7</b>	(3.9)	18.1
Depreciation and amortisation	<b>36.2</b>	38.4	76.8
Impairment of property, plant and equipment, right-of-use assets and investment property	<b>0.9</b>	0.2	(0.5)
(Profit) / loss on disposal of property, plant and equipment, investment property and intangible assets	-	(0.1)	0.7
Fair value losses on certain financial instruments held at FVTPL	<b>8.9</b>	61.3	120.5
Interest on subordinated liabilities and subscribed capital	<b>9.9</b>	5.8	11.8
Interest on lease liabilities	<b>1.0</b>	1.0	2.1
Profit on disposal of subsidiary undertakings	-	(0.1)	(0.1)
Other non-cash movements	<b>11.5</b>	11.5	5.8
	<b>227.0</b>	274.1	534.0
Changes in operating assets and liabilities:			
Net movement in prepayments and accrued income	<b>(6.6)</b>	(11.3)	(3.4)
Net movement in accruals and deferred income	<b>(20.8)</b>	(10.1)	(4.9)
Net movement in provisions for liabilities	<b>(1.4)</b>	0.1	(1.7)
Net movement in fair value of derivatives	<b>(304.5)</b>	(500.5)	(1,003.7)
Net movement in fair value adjustments for hedged risk	<b>155.8</b>	331.1	664.0
Fair value movements in debt securities	<b>11.7</b>	58.0	93.8
Net movement in loans and advances to customers	<b>(1,723.7)</b>	(722.7)	(2,223.8)
Net movement in shares	<b>1,160.4</b>	1,180.2	2,689.7
Net movement in amounts owed to credit institutions and other customers	<b>352.7</b>	283.5	849.9
Net movement in debt securities in issue	<b>71.5</b>	394.5	368.4
Net movement in loans and advances to credit institutions	<b>55.3</b>	(13.0)	(115.9)
Net movement in other assets	<b>18.1</b>	(14.3)	15.0
Net movement in other liabilities	<b>(9.3)</b>	(6.8)	(22.7)
Income taxes paid	<b>(18.1)</b>	(33.1)	(67.9)
<b>Net cash flows from operating activities</b>	<b>(31.9)</b>	1,209.7	1,770.8

**Skipton Building Society**  
**Results for the half year ended 30 June 2023**

**Consolidated statement of cash flows (continued)**

	6 months to 30.06.23 £m	6 months to 30.06.22 £m	12 months to 31.12.22 £m
<b>Net cash flows from operating activities</b>	<b>(31.9)</b>	1,209.7	1,770.8
<b>Cash flows from investing activities</b>			
Purchase of debt securities	(1,087.5)	(1,140.1)	(1,995.5)
Proceeds from maturities and disposals of debt securities	774.7	370.3	1,447.2
Contingent consideration received in respect of prior period disposals of subsidiary undertakings (net of costs)	-	6.4	6.4
Other investing activities	(12.5)	(6.2)	(18.1)
<b>Net cash flows from investing activities</b>	<b>(325.3)</b>	(769.6)	(560.0)
<b>Cash flows from financing activities</b>			
Exercise of share options in subsidiary management incentive scheme	(3.1)	(8.9)	(8.9)
Exercise of put options held by non-controlling shareholders	(0.4)	(2.0)	(3.0)
Proceeds from issue of subordinated liabilities	347.9	-	-
Interest paid on subordinated liabilities and subscribed capital	(5.9)	(5.8)	(11.8)
Interest paid on lease liabilities	(1.0)	(1.0)	(2.1)
Payment of lease liabilities	(18.7)	(23.4)	(50.7)
<b>Net cash flows from financing activities</b>	<b>318.8</b>	(41.1)	(76.5)
Net (decrease) / increase in cash and cash equivalents	(38.4)	399.0	1,134.3
Cash and cash equivalents at 1 January	3,615.2	2,481.0	2,481.0
(Increase) in impairment loss allowance on cash and cash equivalents	-	-	(0.1)
<b>Cash and cash equivalents at end of period</b>	<b>3,576.8</b>	2,880.0	3,615.2

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

	As at 30.06.23 £m	As at 30.06.22 £m	As at 31.12.22 £m
Cash in hand and balances with the Bank of England	3,520.1	2,843.0	3,520.5
Mandatory reserve deposit with the Bank of England	(103.1)	(90.9)	(96.7)
	3,417.0	2,752.1	3,423.8
Loans and advances to credit institutions	159.8	127.9	191.4
<b>Cash and cash equivalents at end of period</b>	<b>3,576.8</b>	2,880.0	3,615.2

Skipton Building Society, Principal Office: The Bailey Skipton, BD23 1DN

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.