FINANCIAL RESULTS RELEASE - SKIPTON GROUP **28 February 2024**

Skipton Group profit up 12% allowing record investment for our members and communities

The Skipton Group (the 'Group') which includes Skipton Building Society, Connells group - the UK's largest estate agency; and other Group businesses, has again performed strongly in its 171st year:

- Group profit before tax (PBT) increased to £333.4m with underlying Group PBT[1] of £308.6m (2022: £297.7m).
- Our Group financial performance has enabled increased profit-reinvestment for members in 2023, including:
  - Launch of our Track Record mortgage - the only available deposit-free mortgage without the need for a guarantor; enabling those trapped in expensive rents to realise their homeownership aspirations;
  - A highly competitive member benefit regular saver product paying an interest rate of up to 7.5% - with over 68,000 new accounts opened by members, we expect to pay more than £8m in interest on maturity;
  - Members benefitted by over £148m given through above market average savings rates - we paid 0.65% above the market average to our savers[2];
  - Extension of our free Home Energy Efficiency Assessment Report (EPC Plus) offer - since launch, c.10,000 surveys have been conducted providing over £700k of benefit to our members;
  - The launch of a free pension health check enabling members to make more of their money now, and in the future, to have the retirement they deserve - over 600 pension health checks were booked in the year, since launch in August;
  - Committed to donating 1% of Group PBT to charity - based on last year's profit, that's £2.9m of support for good causes;
  - Ever-improving customer service - our commitment to our members continues to be recognised, being awarded Customer Contact Association (CCA) Global Accreditation for Customer Experience; and
  - Our products and services have been recognised too, being voted Top Rated Lender in the Mortgage Finance Gazette & Mortgage Solutions Rated for Service Awards 2023.
- We have delivered against our strategic priorities –

  to ***Help More People Have a Home***:

  - £6.7bn of mortgage advances, up 6.3% year-on-year; additionally £30.9bn of lending has been generated by Connells group for UK mortgage providers in 2023 (2022: £36.9bn);
  - We have supported c.40% more first-time buyers, providing specific financing for 19,120 first-time buyers in the year; and
  - Increased market share in mortgages - despite the UK mortgage market being stagnant for the majority of the year, Group mortgage balances increased to £28.6bn, representing growth in market share of balances of c.13%[3].

  to ***Make Money Work Harder***:

  - Our minimum variable savings rate has increased from 1.75% to 3.25% at the year end;
  - These competitive savings rates resulted in balances growing in the year by 15.4% to £26.0bn, compared to the UK savings market where net savings grew by only 1.9%[4]; and
  - We continue to make financial advice easy and accessible by offering free advice to our members - in 2023, we supported 6,000 customers with financial advice (2022: 7,835), helping members with their savings and investment goals.

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[1] 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.
[2] Source: CACI Current Account & Savings Database, Stock, Jan - Dec 2023
[3] Source: Bank of England statistics, 'Lending secured on dwellings'
[4] Source: Bank of England Statistics, 'UK deposits from households'

to ***Make Membership Matter***:

- Membership has grown by 8.1% to over 1.2 million, bringing the benefit of membership to an ever-increasing number of people;
- As a mutual, we are only answerable to our members and customers and not to shareholders; and
- Our Transformation Programme is further upgrading our digital capability which sits alongside our human touch and member centric service; whilst as part of our continued focus on maintaining very high service standards for our members, we have increased headcount in customer facing areas which has allowed us to increase contact volumes.

- Group financial performance is underpinned by our strong asset quality, capitalisation, liquidity and funding profiles and these firm, sustainable foundations have most notably enabled us to deliver:
  - Group mortgage balances growth of 12.1%
  - Group UK residential mortgages in arrears by three months or more remains low at only 0.23% of mortgage accounts at the end of December 2023 (2022: 0.17%), well below the industry average[5], an indication of lower financial risk for the Group
  - A liquidity coverage ratio (LCR)[6] of 173% at December 2023 (2022: 175%) - with liquidity levels having remained well above regulatory limits throughout the year
  - A strong capital position - Common Equity Tier 1 (CET1) and leverage ratios[6] of 26.3% and 6.7% (2022: 25.8% and 6.8%) respectively[7]
  - Group net interest margin increased to 1.53% (2022: 1.35%) reflecting the rising interest rate environment which created opportunities to generate higher net income which we are reinvesting to deliver further benefits for members
  - The Society's PBT (combining the Home Financing and Money businesses) increased to £283.7m (2022: £160.9m)
- We have also 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; and we are adapting our services in order to become more accessible and inclusive - we have added British Sign Language (BSL) interpretation to the disclosure videos in branch, whilst in June we joined the Hidden Disabilities scheme.

Stuart Haire, Group Chief Executive:

"It has been a transformative year for Skipton Building Society. Following the refresh of our strategy we have established a Group structure (as opposed to a building society plus subsidiaries) which is aligned to our members' needs; namely, financing their homes (Home Financing), making their money work harder (Money) and helping them buy and sell homes (Estate Agency, Connells group). We have also seen a greater involvement in our strategy and execution from our Jade Software business in New Zealand and ongoing strong performance from our International (Skipton International) and Commercial Finance (Skipton Business Finance) businesses.

Where appropriate we have developed new strategies for these businesses and appointed new leadership, whilst refining our operating model to support even greater accountability, performance and agility. I believe these changes will enable us to deliver better outcomes for our members.

Change like this is not always easy. However, our achievements only confirm why I wanted to join this business. I was drawn to our organisation by the history of its brands and its strong purpose - helping more people into homes, helping people save for life ahead and supporting long-term financial well-being. There is real energy around the Group, and I am very proud to be a part of it.

The Group structure gives us a greater opportunity to give more to our members, where they need it most. It provides us with a diversified range of capabilities and enhanced financial strength. We have three compelling strategic priorities, centred on leveraging Skipton Group's unique business mix, in order to help more people have a home, to make money work harder and to make membership matter.

This year we have been braver, bolder and more innovative for our members and customers, with our well-regarded Track Record mortgage for rental prisoners (which is already helping hundreds of people), and our income booster product (Joint Borrower, Sole Proprietor) where friends and family can pool their finances to get a mortgage and a home. For savings

[5] Compared to UK Finance industry arrears data (residential mortgages in arrears by more than three months)
[6] The LCR, CET1 ratio and leverage ratio are each presented in respect of Skipton's prudential consolidation group; this comprises the entire Group except Connells group and a small number of other entities.
[7] 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.

members, we have launched highly competitive savings offers, including our member exclusive 7.5% regular saver in June. We have also offered free advice and free pension health checks for members, and a free EPC Plus survey to help improve the energy efficiency of our members' homes. This has been achieved while maintaining our award-winning customer service, consistently ranking toward the top of cross industry customer service league tables; all thanks to the skills, care and empathy with which our customer facing colleagues engage our members.

Through our focus on helping more people have a home and making money work harder, we have significantly grown market share in deposits and mortgages; whist maintaining our healthy share of the Estate Agency market and further growing our invoice finance and international mortgage businesses. Our lending now goes to more first-time buyers than ever (one in three of all loans advanced) and our savers are rewarded too, with our lowest rate on an instant access account beating the market average by some considerable distance. All this while further building out our capital and funding positions and upgrading our risk management skills and framework.

This has not come by chance. This is down to the hard work, resilience and focus of colleagues, who I want to thank for the incredible work they do all day, every day. It is also thanks to our coverage and leadership position in the UK housing market; together with our unique position in the market afforded by our mutual ownership model, where we only answer to our members and customers and not to shareholders.

Looking ahead, we will continue to step-up our support to members and customers through challenging times. Our ambition is to make a positive impact in order to tackle the UK's housing crisis by enabling more first-time buyers to realise their homeownership aspirations - I believe the Skipton Group has great potential to drive transformative change in the UK housing market and financial services industry, leveraging our collective Group capability. Our Group brand will give us an elevated position to drive change, influence decision makers and a platform to campaign on the issues that matter to our members, our communities and wider society.

We have an opportunity to add even more value through first-to-market products and excellent customer service that responds to real and changing societal needs. Our focus will continue on our three key priorities as we drive further value for our members and customers. We will 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. We will also continue to invest more to ensure our members receive above-market interest rates for their savings and have access to free advice to help them plan their financial futures.

Our role in helping more people onto the property ladder, enabling existing homeowners to improve energy efficiency, and providing opportunities for people to save and plan for the future is needed now more than ever".

Individual business performance

Home Financing

> **Charlotte Harrison, CEO – Home Financing said:** *"We want to drive collaborative change across the Group to tackle the key issues impacting our members and the UK housing sector, to enable more first-time buyers to get on to the property ladder than ever before".*

In May 2023 we launched a new option for aspiring first-time buyers - our Track Record mortgage enables people trapped in rental cycles to realise their homeownership aspirations through a deposit-free mortgage. The value of this product has been clearly demonstrated, with applications totalling £62.4m already received since its launch, and £29.7m of completions. With the criteria now extended to also include tenants that were previous homeowners, we're enabling even more renters to access the property ladder.

During the year, we have protected our mortgage variable rate customers from interest rate rises, having the lowest Standard Variable Rate (SVR) and Mortgage Variable Rate (MVR) amongst our peers at 6.50% and 6.79% respectively (as at December 2023); passing on only 0.50% of the 1.75% rise in Bank of England base rate to our borrowers - these steps are designed to recognise the challenging economic times for our members.

We were a founding signatory 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, albeit this is only being used by a small proportion of our borrowing members. 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 with borrowers to find solutions that are appropriate for their individual circumstances.

In the year, we were awarded Your Mortgage - Best First Time Buyer Mortgage Lender and Which? Recommended Mortgage Provider. Our commitment to listening to our borrowers and brokers also continues to be recognised, with Skipton being named the What Mortgage Awards 2023 – Best National Building Society for the 10th year in a row.

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 business' strong net customer satisfaction score of 93% (2022: 93%)[8]. Our service remained strong despite large application

[8] Being the percentage of members and customers surveyed that scored satisfaction as 5, 6 or 7 minus those scoring 1, 2 or 3 on a scale of 1-7

volumes, with average time from application to offer of just 9.0 days, whilst the average time taken to answer mortgage-related calls and webchats was 79 seconds.

Money

Andrew Bottomley, CEO – Money said: *"We will ensure we are even more relevant for our customers; that we fully understand their needs and provide greater solutions in savings as well as long-term investing, through our branches, on the phone or online".*

As part of our commitment to paying a competitive savings rate, the Money business has passed on over 75% of the Bank of England base rate changes in the year to our members, at an average of 1.33% of the 1.75% change in base rate in 2023.

Furthering our commitment, we launched a highly competitive member benefit product in the form of a regular saver that pays an interest rate of up to 7.5%, enabling members to make the most of their hard-earned money.

We have achieved growth in the number of financial advice customers up 0.9% to 47,126, with funds under management of £4.3bn (2022: £3.9bn). Our savings balances have grown strongly too, without compromising on service - our Money business achieved a net customer satisfaction rating of 86% (2022: 88%)[8]. Average time taken to answer savings-related calls and webchats is 156 seconds, despite increased call volumes seen over ISA season.

Reflecting our continued efforts to service the needs of our members, we have consistently ranked towards the top of cross industry customer service league tables; as evidenced by Fairer Finance who awarded our Money business' savings accounts Gold in their latest customer experience ratings - awarded to providers who 'perform the best in their customer experience ratings'. We were also Moneyfacts Awards 2023: Winner - Best Building Society Savings Provider; together with Moneyfacts Consumer Awards 2023: Highly commended (2nd place) - High Street Savings Provider of the Year.

Estate Agency, Connells group

Richard Twigg, Interim CEO – Connells group said: *"Despite housing market activity being the lowest since 2009, Connells group has maintained its dominant position in the market. With a more positive outlook in early 2024, with an uptick in activity driven by recent falls in mortgage rates, Connells group, which continues to have a strong balance sheet and substantial cash reserves, remains well equipped to take advantage and succeed through whatever market conditions prevail".*

Our Estate Agency business, Connells group, is focused on delivering for customers and clients throughout the process of buying, selling and renting homes. Through its network of brands and branches nationwide, Connells group combines residential sales expertise with a range of consumer and corporate services including land and new homes, mortgage services, conveyancing and auctions. The Connells group also supports customers to have a home through its lettings business and is one of the largest providers of residential survey and valuation services in the UK.

Consumer confidence in the housing market weakened in the year amidst higher borrowing costs. As a result, Connells group entered 2023 with a materially lower sales pipeline. The tougher economic environment prevailed throughout 2023 further impacting upon Connells group results, with revenue in the year down 7.7% to £950.9m (2022: £1,030.3m).

Nevertheless, Connells group remained profitable and achieved a PBT of £13.8m (2022: £67.5m). Earnings before interest, tax, depreciation and amortisation (EBITDA)[9], a common measure of estate agency performance, was £63.7m (2022: £124.9m).

Consequently, Connells group has maintained its market share, supporting one in ten individuals looking to buy and sell homes in the UK, with the number of properties that Connells group exchanged contracts on during the year being 70,971 (2022: 87,395).

The mortgage services proposition continues to perform well with the number of mortgages arranged by the group decreasing by only 7%, despite the prevailing market conditions. The Connells group lettings business manages properties on behalf of landlords, with the number of properties under management at December 2023 increasing to 125,666 (December 2022: 122,614).

Other business lines

Skipton International Limited (SIL)

Forming part of our Group, our international business SIL (based in Guernsey) offers some of the best offshore interest rates whilst being committed to providing personal service - a winning combination when depositing money in an offshore savings account. SIL offers Sterling and US Dollar savings in fixed rate bonds, notice and easy access accounts.

[9] Connells group 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.

In addition, SIL carries out mortgage lending in the Channel Islands and has a UK mortgage proposition specifically for UK buy-to-let investors resident overseas and special purpose vehicles. The offering is as simple and hassle-free as possible, available by phone or video with a personal point of contact throughout the process.

SIL were the Moneyfacts Awards 2023 winner for Offshore Account Provider of the Year, and were also awarded the Platinum Trusted Service Provider Award by Feefo in the year; whilst in 2023 they launched a new online portal which will only help further improve customer experience too.

Performance continues to be strong, with pre-tax profits of £47.3m (2022: £39.9m); this reflects the benefits to income and margin from the rising interest rate environment, whereby SIL's net interest margin has increased to 2.37% (2022: 2.20%), whilst the ratio of administrative expenses to income remained stable at 19.9% (2022: 20.3%).

SIL's savings book grew 11.4% in the year, increasing its funding base to £2.4bn. SIL also reported growth in its mortgage book, which increased by 9.6% to £2.2bn. The quality of SIL's mortgage book remains good, with only four cases in arrears by three months or more (2022: no cases).

Skipton Business Finance (SBF)

SBF, our provider of debt factoring and invoice discounting to small and medium-sized enterprises (SMEs), contributed PBT of £9.6m to the Group in the year (2022: £7.3m).

Following removal of Covid-related Government support schemes, and in light of UK inflationary pressure that had built across the UK, SBF was able to help more SMEs amidst increasing demand for working capital support, with a total portfolio comprising 872 clients and total drawn funds of £171.2m as at December 2023 (2022: 838 clients, with total drawn funds of £150.6m).

The quality of SBF's lending during these turbulent times continues to be excellent. Impairment as a percentage of drawn funds remained low at 0.9% (2022: 0.8%).

Jade Software

Jade is a software solutions provider based in New Zealand that specialises in digital, artificial intelligence (AI) and large information technology (IT) enterprise solutions, as well as being the provider of the Home Financing and Money businesses' core database and software development language. Jade generated a profit of £1.3m in the year (2022: £0.6m).

Skipton Building Society
Results for the year ended 31 December 2023

Consolidated income statement

	2023 **£m**	2022 £m
Interest receivable and similar income:		
Accounted for using the effective interest rate method	**1,746.4**	806.7
Other	**33.6**	15.8
Total interest receivable and similar income	**1,780.0**	822.5
Interest payable and similar charges	**(1,237.2)**	(398.1)
Net interest receivable	**542.8**	424.4
Fees and commissions receivable	**993.7**	1,092.6
Fees and commissions payable	**(8.3)**	(14.7)
Fair value gains on financial instruments mandatorily held at FVTPL	**23.5**	1.3
Other income	**2.9**	4.0
Total income	**1,554.6**	1,507.6
Administrative expenses	**(1,224.8)**	(1,188.5)
Operating profit before impairment and provisions	**329.8**	319.1
Impairment and provisions	**3.6**	(20.3)
Profit before tax	**333.4**	298.8
Tax expense	**(78.8)**	(67.8)
Profit for the year	**254.6**	231.0
Profit for the year attributable to:		
Members of Skipton Building Society	**254.8**	231.2
Non-controlling interests	**(0.2)**	(0.2)
	254.6	231.0

Underlying Group PBT for 2023 was £308.6m (2022: £297.7m) as shown below:

	2023 **£m**	2022 £m
Total Group profit before tax	**333.4**	298.8
Less profit on disposal of subsidiary undertakings	**-**	(0.1)
(Less) / add back fair value (gains) / losses in relation to equity release portfolio *(note 1)*	**(11.0)**	9.8
Less fair value gains on share warrants and equity share investments *(note 2)*	**(13.8)**	(11.6)
Add back impairment of goodwill	**-**	0.8
Underlying Group profit before tax	**308.6**	297.7

Notes

1. The £11.0m gain (2022: £9.8m loss) is comprised of fair value gains on the portfolio of £9.2m (2022: £132.3m losses), and fair value gains of £1.8m (2022: £122.5m gains) on the associated derivatives held to economically hedge these fair value movements, as shown in the 'Fair value gains on financial instruments mandatorily held at FVTPL' line in the Income Statement.
2. As shown in the 'Fair value gains on financial instruments mandatorily held at FVTPL' line in the Income Statement.

Skipton Building Society
Results for the year ended 31 December 2023

Consolidated statement of comprehensive income

	2023	2022
	£m	£m
Profit for the year	**254.6**	231.0
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement losses on defined benefit obligations	**(4.5)**	(6.7)
Gains / (losses) on equity share investments designated at FVOCI	**0.2**	(8.5)
Income tax on items that will not be reclassified to profit or loss	**1.1**	0.4
	(3.2)	(14.8)
Items that may be reclassified subsequently to profit or loss:		
Movement in cash flow hedging reserve:		
(Losses) / gains taken to equity	**(48.4)**	47.8
Realised losses / (gains) transferred to Income Statement	**14.1**	(12.8)
Movement in fair value reserve (debt securities):		
Gains / (losses) taken to equity	**1.7**	(22.3)
Impairment loss allowance on debt securities held at FVOCI	**(0.1)**	-
Movement in cost of hedging reserve:		
Gains taken to equity	**0.8**	3.8
Exchange differences on translation of foreign operations	**(0.3)**	0.4
Income tax on items that may be reclassified to profit or loss	**9.2**	(4.4)
	(23.0)	12.5
Other comprehensive expense for the year, net of tax	**(26.2)**	(2.3)
Total comprehensive income for the year	**228.4**	228.7
Total comprehensive income attributable to:		
Members of Skipton Building Society	**228.6**	228.9
Non-controlling interests	**(0.2)**	(0.2)
	228.4	228.7

Skipton Building Society
Results for the year ended 31 December 2023

Consolidated statement of financial position

	2023 £m	2022 £m
Assets		
Cash in hand and balances with the Bank of England	**3,266.2**	3,520.5
Loans and advances to credit institutions	**488.8**	631.9
Debt securities	**3,337.7**	2,640.3
Derivative financial instruments	**1,000.8**	1,355.1
Loans and advances to customers held at amortised cost	**28,161.4**	24,452.3
Loans and advances to customers held at FVTPL	**0.9**	1.0
Equity release portfolio held at FVTPL	**293.3**	278.7
Current tax asset	**0.9**	18.3
Investments in joint ventures	**10.3**	10.1
Property, plant and equipment	**74.5**	71.8
Right-of-use assets	**100.9**	106.7
Deferred tax asset	**20.9**	13.1
Intangible assets	**313.2**	323.4
Other assets	**152.1**	148.1
Total assets	**37,221.9**	33,571.3
Liabilities		
Shares	**25,949.8**	22,349.6
Amounts owed to credit institutions	**2,093.4**	2,963.3
Amounts owed to other customers	**2,808.8**	2,339.2
Debt securities in issue	**2,414.7**	2,591.6
Derivative financial instruments	**452.2**	415.6
Current tax liability	**2.4**	1.5
Lease liabilities	**103.0**	113.0
Other liabilities	**85.9**	83.7
Accruals	**97.5**	93.1
Deferred income	**10.4**	9.9
Provisions for liabilities	**29.4**	34.7
Retirement benefit obligations	**26.2**	29.6
Subordinated liabilities	**685.3**	311.8
Subscribed capital	**41.6**	41.6
Total liabilities	**34,800.6**	31,378.2
Members' interests		
General reserve	**2,422.0**	2,176.4
Fair value reserve	**(9.5)**	(16.9)
Cash flow hedging reserve	**4.9**	29.6
Cost of hedging reserve	**(0.5)**	(1.1)
Translation reserve	**4.6**	4.9
Attributable to members of Skipton Building Society	**2,421.5**	2,192.9
Non-controlling interests	**(0.2)**	0.2
Total members' interests	**2,421.3**	2,193.1
Total members' interests and liabilities	**37,221.9**	33,571.3

Skipton Building Society
Results for the year ended 31 December 2023

Consolidated statement of cash flows

	2023 £m	2022 £m
Cash flows from operating activities		
Profit before tax	**333.4**	298.8
Adjustments for:		
Impairment (gains) / losses on financial instruments	**(2.0)**	18.1
Depreciation and amortisation	**74.2**	76.8
Impairment of property, plant and equipment, right-of-use assets and investment property	**2.3**	(0.5)
(Profit) / loss on disposal of property, plant and equipment, investment property and intangible assets	**(0.2)**	0.7
Fair value (gains) / losses on certain financial instruments held at FVTPL	**(23.3)**	120.5
Interest on subordinated liabilities and subscribed capital	**27.1**	11.8
Interest on lease liabilities	**2.3**	2.1
Profit on disposal of subsidiary undertakings	**-**	(0.1)
Other non-cash movements	**(40.4)**	5.8
	373.4	534.0
Changes in operating assets and liabilities:		
Net movement in prepayments and accrued income	**(12.2)**	(3.4)
Net movement in accruals and deferred income	**4.9**	(4.9)
Net movement in provisions for liabilities	**(5.3)**	(1.7)
Net movement in fair value of derivatives	**390.9**	(1,003.7)
Net movement in fair value adjustments for hedged risk	**(444.1)**	664.0
Fair value movements in debt securities	**(56.9)**	93.8
Net movement in loans and advances to customers	**(3,085.1)**	(2,223.8)
Net movement in shares	**3,470.8**	2,689.7
Net movement in amounts owed to credit institutions and other customers	**(400.2)**	849.9
Net movement in debt securities in issue	**(198.4)**	368.4
Net movement in loans and advances to credit institutions	**76.5**	(115.9)
Net movement in other assets	**20.0**	15.0
Net movement in other liabilities	**(2.6)**	(22.7)
Income taxes paid	**(58.3)**	(67.9)
Net cash flows from operating activities	**73.4**	1,770.8

Skipton Building Society
Results for the year ended 31 December 2023

Consolidated statement of cash flows (continued)

	2023 **£m**	2022 £m
Net cash flows from operating activities	**73.4**	1,770.8
Cash flows from investing activities		
Purchase of debt securities	**(2,476.7)**	(1,995.5)
Proceeds from maturities and disposals of debt securities	**1,828.5**	1,447.2
Purchase of non-controlling interests	**(0.2)**	-
Contingent consideration received in respect of prior period disposals of subsidiary undertakings	**-**	6.4
Other investing activities	**(26.5)**	(18.1)
Net cash flows from investing activities	**(674.9)**	(560.0)
Cash flows from financing activities		
Exercise of share options in subsidiary management incentive scheme	**(2.5)**	(8.9)
Exercise of put options held by non-controlling shareholders	**(0.4)**	(3.0)
Proceeds from issue of subordinated liabilities	**350.0**	-
Interest paid on subordinated liabilities and subscribed capital	**(23.0)**	(11.8)
Interest paid on lease liabilities	**(2.3)**	(2.1)
Payment of lease liabilities	**(41.2)**	(50.7)
Net cash flows from financing activities	**280.6**	(76.5)
Net (decrease) / increase in cash and cash equivalents	**(320.9)**	1,134.3
Cash and cash equivalents at 1 January	**3,615.2**	2,481.0
Increase in impairment loss allowance on cash and cash equivalents	**-**	(0.1)
Cash and cash equivalents at end of year	**3,294.3**	3,615.2

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

	2023 **£m**	2022 £m
Cash in hand and balances with the Bank of England	**3,266.2**	3,520.5
Mandatory reserve deposit with the Bank of England	**(106.6)**	(96.7)
	3,159.6	3,423.8
Loans and advances to credit institutions	**134.7**	191.4
Cash and cash equivalents at end of year	**3,294.3**	3,615.2