FINANCIAL RESULTS RELEASE – Skipton Group 26 February 2025

A SUCCESSFUL YEAR ENABLES SKIPTON TO GIVE EVEN MORE BACK TO MEMBERS, DELIVERING REAL VALUE

Skipton Group ("Skipton"), which includes Skipton Building Society, Connells – our property group (and the UK's largest estate agency); and other group businesses, delivered Group profit before tax (PBT) of £318.6m – maintaining our financial strength while continuing to invest in our members, Group capabilities, and strengthening our executive team.

Stuart Haire, Group Chief Executive, said:

"2024 has been a very successful year commercially, building the capability and collaboration across our Skipton Group, as we further embed our Group structure to enable us to give more back to our members and society.

Collectively, we have one purpose - to help more people have a home, help people save for life ahead and support long-term financial wellbeing. As we navigate societal shifts, this is as relevant today as it has been since Skipton Building Society was founded back in 1853.

Our core businesses are directly aligned to our members' needs; namely, to finance their homes (Home Financing and Skipton International ("International")), to make their money work harder (Money and International) and to help them buy and sell homes (Connells Group). These businesses directly benefit our members through their product and service offerings.

In 2024 we have delivered against our purpose, with over 20,000 first-time buyers given the keys to their first home, equating to 44% of our new lending.

As part of our commitment to providing free advice to all of our members, we also saw our skilled colleagues have over 39,000 advice conversations with members to help make their money work harder and support their long-term financial wellbeing.

In Connells, our property group, we grew our profits by £47.5m, provided almost 79,000 exchanges on properties for sale to enable more people to get the keys to their home, and grew our lettings business to over 126,000 properties under management.

We grew our market share in the year and maintained our clear leadership position, with over 10% of UK house listings being dealt with through our estate agency arm.

Across our broader Group, we own Skipton Business Finance (invoice financing and asset-based lending) and Jade (AI and software company). These businesses both had a strong year of performance, with profits up 12% in Skipton Business Finance and 8% in Jade. The profits of these businesses are reinvested into the Society, creating a sustainable and resilient financial and service platform for our members and customers, both now and in the future.

In combination, our Group businesses delivered another year of excellent financial performance, with Group underlying PBT[1] of £302.3m.

Our Group mortgage and savings growth of 8.2% and 8.9% respectively, materially beat the market and somewhat offset the reduction in margins caused by our strong member pricing strategy and Bank of England base rate reductions.

Through high quality products and propositions, we grew our member base by 3% and now have over 1.26 million members benefiting from Skipton products and services to support their financial wellbeing.

Our members enjoyed improved customer satisfaction across our Society, with an overall increase of 1% from the end of 2023. Through our member panel, Trustpilot reviews and colleague listening, we strive to ensure our members' voices are always heard, so that we can continue to build on the excellent service we provide and are recognised for.

By combining our collective efforts across the Group, and unlocking the power of our data, I believe we can continue to provide more opportunities for members to have a home, save for life ahead and support long-term financial wellbeing. At a time when more people are struggling to buy their first homes or change their homes, and one in three people have no savings, it is more vital than ever that we play our role in building a more resilient society.

Alongside our products and services, raising awareness and lobbying for societal change is also core to our purpose. Financial education is essential to unlock better outcomes; whether it be tackling challenges for first-time buyers, narrowing the advice gap, or how we all play our part in reaching net zero by 2050. We understand that we cannot do this alone, but collectively we can make a difference, and we will play a leading role."

[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.

Delivering on our strategic priorities

to Help More People Have a Home:

- Group mortgage balances growth of 8.2% to £30.9bn
- 44% of new lending to first-time buyers (FTBs) (2023: 40%), helping over 20,000 FTBs
- £31.7bn (2023: £30.9bn) of lending has been generated by Connells Group for UK mortgage providers
- 126,590 properties under management (2023: 125,666)
- 91% Homes customer satisfaction[2] (2023: 93%)

to Make Money Work Harder:

- Society savings balances growth of 8.9% to £28.3bn
- 39,216 non-regulated advice conversations held (2023: N/A); and funds under management of £4.7bn (2023: £4.3bn)
- 1,004k savers and investors (2023: 985k)
- we have paid 0.74%[3] (2023: 0.65%) above the market average to our savers

to Make Membership Matter:

- Society membership growth of 3.0% to over 1.27 million
- £197m value returned to members[3] (2023: £148m)
- 23.5k customer panel members, and over 24% of our savings customer journeys digital-channel enabled
- Supported over 500 charities in the year, with donations in 2024 totalling £3.3m

Group financial performance

Our 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 PBT of £318.6m (2023: £333.4m), with underlying Group PBT[1] of £302.3m (2023: £308.6m); leveraging a stronger housing market to grow Connells Group's total revenue by 12% to £1,069m (2023: £951m); offsetting downward pressure on net interest income.
- Group net interest margin of 1.28% (2023: 1.53%), driven by £377m more in interest payments year-on-year, with net interest income of £488.4m, compared to £542.8m in 2023.
- Despite net interest margin pressures, the Society performed well delivering PBT of £209.9m (2023: £283.7m). Skipton International performed similarly, with PBT of £31.0m (2023: £47.3m).
- International had similar net interest margin pressures and recorded underlying pre-tax profits in the year of £31.0m (2023: £47.3m).
- Pleasingly, Connells Group achieved profits of £61.3m (2023: £13.8m), as activity continued to recover in the housing market; compared to subdued trading last year.
- Skipton Business Finance and Jade both had a strong year of performance, with profits up 12% and 8% respectively.
- Group UK residential mortgages in arrears by three months or more are only 0.29% of mortgage accounts at the end of 2024 (2023: 0.23%), well below the industry average of 0.91%[4].
- A liquidity coverage ratio (LCR) of 193%[5] (2023: 173%).
- A strong capital position - Common Equity Tier 1 (CET1) and leverage ratios[5] of 28.7% and 6.6% (2023: 26.0% and 6.7%) respectively[6].

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[2] Member satisfaction is measured as 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)
[3] Source: CACI Current Account & Savings Database, Stock
[4] Source: UK Finance industry arrears data (residential mortgages in arrears by more than three) at 31 December 2024 – being the latest available data
[5] 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.
[6] We have PRA permission to apply the internal ratings-based (IRB) approach to certain credit risk exposures. From 1 January 2022, we apply a temporary model adjustment (TMA) to the Society's regulator-approved IRB model output. The Society submitted an update to the incumbent regulator-approved IRB model to the PRA in 2021 and a revised version addressing the PRA feedback in 2024. During 2024, the TMA has been updated to adjust IRB outputs to align with the IRB models that were resubmitted to the PRA in January 2024. Until the updated IRB models are approved by the PRA, the TMA remains subject to change and may cause further movements in the capital metrics. There have not been, and we do not expect there to be, any material changes to the risk profile or strategy of the Society as a result of changes to the TMA.

Helping More People Have a Home

In July we launched our Skipton Group Home Affordability Index, with our second iteration launched in February 2025. The Index uses the collective power of our Group data to help first-time buyers understand housing costs in their area, and shed light on where the biggest challenges lie.

Our Index revealed that only one in eight first-time buyers can afford their first home in their local area, and 80% lack sufficient savings for their deposit. At Skipton it has always been our mission to change that; it is why we launched our market leading Track Record mortgage product in 2023, and why we innovated further across our entire product range throughout the year, supporting more members to get onto the housing ladder without a deposit and our broader member base in having a place they call home.

Our collective Group data is our strength as we strive to enhance our products, driven by the needs of our members and society, so that we can enable more people to achieve their aspirations of home ownership.

Our Group is well positioned to drive innovative change and finding solutions for industry wide challenges in digitising the end-to-end home buying and selling journey. Approximately one third of house sales continue to fall through before completion, which can cause difficulties and challenges for all parties – delays and disappointment for our members and customers, and for the professionals involved throughout the journey.

Through Connells Group's partnership and part ownership of Legal Marketing Services Ltd (LMS) (the UK's leading provider of conveyancing services), we successfully piloted and deployed a market first solution for streamlining and automating the proof of funds element of the transaction. Our Group structure allows us to play our part in the broader ecosystem.

Making Money Work Harder

Home ownership is only one of the life events that requires sound advice to achieve financial wellbeing.

We have stood by our commitment to provide free access to financial education and advice for our members. We know the UK advice gap continues to widen and, unlike our competitors, we provide regulated financial advice for those with a minimum of £20,000 in assets to invest. In 2024 we have gone further; we also recognise that support and advice below that amount is crucial for many of our members. We launched our free My Money Review service at the start of the year and have further expanded it by launching My Money Enquiry (a lighter version of our My Money Review that can be completed over the counter in branch, over the phone, or via Skipton video link), offering free accessible advice to all of our members, regardless of how much they have to invest.

Our advice has already positively shaped the decisions that members have made. During the pilot of our My Money Review service, over 40% of members reassessed their financial planning, choosing options that are better suited to their needs, helping their money work harder.

This activity has been enabled by investment in our colleagues, upskilling them to hold advice conversations with confidence.

Making Membership Matter

Alongside helping our members align their savings, investments, and borrowings with their personal circumstances, we want them to feel rewarded for the trust they place in Skipton. This year we have developed more new member benefits: exclusive rates, products, and services which cater for a diverse range of needs. On average we paid 0.74% higher interest than the rest of the market average for banks and building societies[3], giving more value back to our members.

We are member owned, and our members are central to our Society, so we are putting more focus on making membership truly matter. As part of our commitments we continue to invest in an ongoing programme of branch refurbishment and upgrading our colleague systems to help better serve our members through our telephony channel.

We are also acutely aware of the impact we have on the planet. By working across our Group companies and partnering with others, we have developed a greater understanding of the role we can play in supporting members as they seek to make their homes more sustainable and energy efficient. This culminated in the complete retrofitting of a house in Skipton which will become a show-home to de-mystify the retrofitting process.

To support our ambitions, we have strengthened our Group Executive team throughout the year, increasing diversity across our Group and fostering further collaboration and innovation.

Our passion and drive to deliver our purpose resonates throughout our Group, with colleagues coming together across all of our business lines to share knowledge and experience, solving challenges that our members, customers and society face.

We are undertaking big technological changes across the Group that support our members and customers to interact with us more digitally and more efficiently - whether through our branches, our contact centres, or through self-service functionality. We are committed to delivering products and services that are accessible and inclusive to all, balancing digital needs with our expert colleagues, and providing the excellent customer service that has long been associated with Skipton.

We have implemented Microsoft Copilot, an Artificial Intelligence (AI) solution to help our colleagues to deliver more value, more efficiently. We are also investing in retooling our businesses with automation and data capability, platform enhancements and digital assets to enhance the service we can provide.

I am proud that our dedication to our members has been reflected in the excellent customer satisfaction scores that we have seen across our businesses, and the recognition we have received from the industry through a multitude of awards.

Skipton Group
Results for the year ended 31 December 2024

Consolidated income statement

	2024 £m	2023 £m
Interest receivable and similar income:		
Accounted for using the effective interest rate method	2,069.8	1,746.4
Other	32.5	33.6
Total interest receivable and similar income	2,102.3	1,780.0
Interest payable and similar charges	(1,613.9)	(1,237.2)
Net interest receivable	488.4	542.8
Fees and commissions receivable	1,115.5	993.7
Fees and commissions payable	(5.9)	(8.3)
Fair value gains on financial instruments mandatorily held at FVTPL	18.0	23.5
Other operating income	3.2	2.9
Total income	1,619.2	1,554.6
Administrative expenses	(1,312.3)	(1,224.8)
Operating profit before impairment and provisions	306.9	329.8
Impairment and provisions	11.7	3.6
Profit before tax	318.6	333.4
Tax expense	(78.1)	(78.8)
Profit for the year	240.5	254.6
Attributable to:		
Members of Skipton Building Society	240.5	254.8
Non-controlling interests	-	(0.2)
	240.5	254.6

Underlying Group PBT for 2024 was £302.3m (2023: £308.6m) as shown below:

	2024 £m	2023 £m
Total Group profit before tax	318.6	333.4
Less fair value gains in relation to equity release portfolio *(note 1)*	(9.3)	(11.0)
Less fair value gains on share warrants and equity share investments *(note 2)*	(7.0)	(13.8)
Underlying Group profit before tax	302.3	308.6

Notes

1. The £9.3m gain (2023: £11.0m gain) is comprised of fair value loss on the portfolio of £12.6m (2023: £9.2m gains), and fair value gains of £21.9m (2023: £1.8m 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 Group
Results for the year ended 31 December 2024

Consolidated statement of comprehensive income

	2024 £m	2023 £m
Profit for the year	240.5	254.6
Other comprehensive (expense) / income:		
Items that will not be reclassified to Income Statement:		
Remeasurement losses on net defined benefit obligations	(3.7)	(4.5)
Gains on equity share investments designated at FVOCI	-	0.2
Income tax on items that will not be reclassified to Income Statement	1.0	1.1
	(2.7)	(3.2)
Items that may be reclassified subsequently to Income Statement:		
Cash flow hedging reserve:		
Losses taken to equity	(29.6)	(48.4)
Realised losses transferred to Income Statement	45.9	14.1
Fair value reserve:		
(Losses) / gains taken to equity	(1.7)	1.7
Impairment loss allowance on debt securities held at FVOCI	-	(0.1)
Cost of hedging reserve:		
(Losses) / gains taken to equity	(1.2)	0.8
Exchange differences on translation of foreign operations	(1.4)	(0.3)
Income tax on items that may be reclassified to Income Statement	(3.7)	9.2
	8.3	(23.0)
Other comprehensive income / (expense) for the year, net of tax	5.6	(26.2)
Total comprehensive income for the year	246.1	228.4
Attributable to:		
Members of Skipton Building Society	246.1	228.6
Non-controlling interests	-	(0.2)
	246.1	228.4

Skipton Group
Results for the year ended 31 December 2024

Consolidated statement of financial position

	2024 £m	2023 £m
Assets		
Cash in hand and balances with the Bank of England	1,930.6	3,266.2
Loans and advances to credit institutions	414.6	488.8
Debt securities	4,349.6	3,337.7
Derivative financial instruments	752.1	1,000.8
Loans and advances to customers held at amortised cost	30,601.1	28,161.4
Loans and advances to customers held at FVTPL	0.9	0.9
Equity release portfolio held at FVTPL	277.2	293.3
Current tax asset	3.0	0.9
Investments in joint ventures	11.2	10.3
Property, plant and equipment	80.9	74.5
Right-of-use assets	90.4	100.9
Deferred tax asset	6.3	20.9
Other assets	181.2	152.1
Intangible assets	311.4	313.2
Retirement benefit surplus	4.8	-
Total assets	39,015.3	37,221.9
Liabilities		
Shares	28,268.5	25,949.8
Amounts owed to credit institutions	1,599.6	2,093.4
Amounts owed to other customers	2,751.1	2,808.8
Debt securities in issue	2,435.3	2,414.7
Derivative financial instruments	225.1	452.2
Current tax liability	2.7	2.4
Lease liabilities	92.1	103.0
Other liabilities	86.6	85.9
Accruals and deferred income	114.7	107.9
Provisions for liabilities	31.8	29.4
Retirement benefit obligations	8.6	26.2
Subordinated liabilities	690.2	685.3
Subscribed capital	41.6	41.6
Total liabilities	36,347.9	34,800.6
Members' interests		
General reserve	2,659.8	2,422.0
Fair value reserve	(10.6)	(9.5)
Cash flow hedging reserve	16.6	4.9
Cost of hedging reserve	(1.4)	(0.5)
Translation reserve	3.2	4.6
Attributable to members of Skipton Building Society	2,667.6	2,421.5
Non-controlling interests	(0.2)	(0.2)
Total members’ interests	2,667.4	2,421.3
Total members’ interests and liabilities	39,015.3	37,221.9

Skipton Group
Results for the year ended 31 December 2024

Consolidated statement of cash flows

	2024 £m	2023 Restated* £m
Cash flows from operating activities		
Profit before tax	318.6	333.4
Adjustments for:		
Impairment credits on financial instruments	(15.9)	(2.0)
Depreciation and amortisation	70.0	74.2
Impairment of property, plant and equipment, right-of-use assets, investment property and intangible assets	3.1	2.3
Profit on disposal of property, plant and equipment, investment property and intangible assets	(0.7)	(0.2)
Fair value gains on financial instruments held at FVTPL	(18.0)	(23.5)
Interest on subordinated liabilities and subscribed capital	34.1	27.1
Interest on lease liabilities	3.1	2.3
Other non-cash movements	(5.0)	(34.1)
	389.3	379.5
Changes in operating assets and liabilities:		
Movement in prepayments and accrued income	(3.4)	(12.2)
Movement in accruals and deferred income	6.8	4.9
Movement in provisions for liabilities	(10.1)	(5.3)
Net movement in derivatives	43.6	(116.2)
Movement in loans and advances to customers	(2,345.1)	(3,085.1)
Movement in shares	2,317.2	3,470.8
Net movement in amounts owed to credit institutions and other customers	(551.6)	(400.2)
Net movement in debt securities in issue	(5.9)	(198.4)
Net movement in loans and advances to credit institutions	169.2	76.5
Net movement in other assets	(44.7)	20.0
Net movement in other liabilities	32.8	5.8
Contributions to defined benefit scheme	(26.0)	(8.4)
Income taxes paid	(68.3)	(58.3)
Net cash flows from operating activities	(96.2)	73.4

* During the year ended 31 December 2024, the Group reviewed its application in prior periods of the requirements of IAS 7 *Statement of Cash Flows*. This review identified material misstatements where the Group had previously inappropriately classified non-cash movements in the operating section of the Statements of Cash Flows. There was no impact on net cash flows for the affected period and no impact on cash held at the end of that period. This error was corrected by the re-classification of the affected amounts from the 'Changes in operating assets and liabilities' section to the 'Adjustments to operating profits' section, and hence there was no net impact on cash flows from operating activities. In accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, comparative amounts are restated accordingly.

Consolidated statement of cash flows (continued)

	2024 £m	2023 £m
Net cash flows from operating activities	(96.2)	73.4
Cash flows from investing activities		
Purchase of debt securities	(4,402.0)	(2,476.7)
Proceeds from maturities and disposals of debt securities	3,374.5	1,828.5
Purchase of non-controlling interests	-	(0.2)
Other investing activities	(41.0)	(26.5)
Net cash flows from investing activities	(1,068.5)	(674.9)
Cash flows from financing activities		
Exercise of share options in subsidiary management incentive scheme	-	(2.5)
Exercise of put options held by non-controlling shareholders	-	(0.4)
Proceeds from issue of subordinated liabilities	-	350.0
Interest paid on subordinated liabilities and subscribed capital	(33.5)	(23.0)
Interest paid on lease liabilities	(3.1)	(2.3)
Payment of lease liabilities	(39.3)	(41.2)
Net cash flows from financing activities	75.9	280.6
Net decrease in cash and cash equivalents	(1,240.6)	(320.9)
Cash and cash equivalents at 1 January	3,294.3	3,615.2
Cash and cash equivalents at end of year	2,053.7	3,294.3

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

	2024 £m	2023 £m
Cash in hand and balances with the Bank of England	1,930.6	3,266.2
Mandatory reserve deposit with the Bank of England*	-	(106.6)
	1,930.6	3,159.6
Loans and advances to credit institutions	123.1	134.7
Cash and cash equivalents at end of year	2,053.7	3,294.3

* From 1 March 2024 the mandatory reserve deposit with the Bank of England has been replaced with a Bank of England levy; the levy recognised by the Group for the year ended 31 December 2024 is charged to the Income Statement within the line 'Administrative expenses'.

Skipton Group is led by 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.