YORKSHIRE BUILDING SOCIETY

EVERY STEP

Shoulder-to-shoulder with our members.

Half-Yearly Financial Report
30 June 2025

Contents

Interim Management Report

Introduction from the Chief Executive

I am pleased to present the 2025 Half-Yearly Financial Report for Yorkshire Building Society.

Our purpose is to provide Real Help with Real Life. We exist for you, our members and customers. We will continue to ensure we deliver good value for you.

Strong Financial Performance

In the first six months of 2025 we delivered increased income and profit resulting in strong capital generation. Our robust levels of capital and liquidity, coupled with the investment we are making in our future capabilities, will enable us to continue to support our members, customers, their families, and our communities, now and in the future.

We have increased the overall balance sheet in the first half of 2025, however increased competition in our core markets of savings and mortgages has impacted levels of growth.

- Core operating profit[1] £215.4 million (Period to 30 June 2024: £149.2 million)
- Statutory profit before tax £187.9 million (Period to 30 June 2024: £158.1 million)
- Net interest income £429.6 million (Period to 30 June 2024: £340.8 million)
- Net interest margin 1.31% (Period to 30 June 2024: 1.09%)
- Overall balance sheet growth £0.4 billion (Period to 30 June 2024: £2.9 billion)
- Mortgage balances grew by £0.9 billion (Period to 30 June 2024: £2.0 billion)
- Savings balances decreased by £0.3 billion (Period to 30 June 2024: £2.6 billion growth)
- Common Equity Tier 1 ratio 18.5% (31 December 2024:18.1%)
- Liquidity coverage ratio 228.5% (31 December 2024: 202.7%)

Despite heightened competition and economic uncertainty, we have seen an increase in mortgage applications, with Q2 mortgage applications significantly higher than Q1.

Our Strategy

Our Strategy is designed to deliver against our purpose. I'm delighted to share the progress we have made against our four strategic pillars in the first half of the year.

1. Double Our Reach and Deepen Our Impact

As a building society, all the profits we make are reinvested for the benefit of our members and customers. We invest them into providing products that overcome real-life challenges, supporting our communities, and improving our Society. We are determined to help more people to find a place to call home and build their financial wellbeing, whilst deepening our relationships with our members and customers.

We continue to look for innovative ways to make owning a home a reality.

- So far this year, we have provided more than 18,000 mortgages, with nearly 4,000 going to first-time buyers.
- Since launch, our £5k Deposit Mortgage, has helped over 1,400 people into their first home. In February we extended this mortgage to flats, helping even more customers onto the property ladder.
- When stamp duty rates increased in April, we increased our cashback offering for first-time buyers up to £6,250 to help with the added costs of buying a home.
- In response to updated guidance from our regulators we increased the maximum amount we will lend by £16,000 on average, to help borrowers overcome affordability challenges, at all times ensuring the mortgage is affordable.

We are committed to supporting our members build their financial resilience.

- We have grown our membership and seen 288,000 new savings accounts opened.
- Our savings rates were on average 0.63 percentage points higher than the rest of the market and, despite base rate reducing by 0.5%, we returned an additional £132.2 million to our savers in the first five months of 2025[2].

[1] Profit earned excluding taxes, fair value volatility and one-time charges.

[2] YBS Group average savings rate compared to rest of market average rates. Data source: CACI's Current Account and Savings Database (CSDB), Stock. Data period: January – May 2025 (latest data available).

1. Double Our Reach and Deepen Our Impact (continued)

- We offer life and home insurance without taking commission. In just six months our customers saved more than £1 million on their home insurance premiums[3].
- We continue to reward our loyal members. Our Reward ISA was designed for them. Its automatic maturity option means customers effortlessly access good value as soon as their product ends, without the inconvenience of transferring products or opening a new account.
- Our members value the option of a Cash ISA to save for life's important moments. That's why, alongside the Building Societies Association, we used our voice to highlight the impact that a reduced allowance would have on our members' financial wellbeing. We will continue to represent the views of our members to government and key policymakers.

We fund local and national community programmes that tackle some of the main causes of hardship, such as financial education and employability skills.

- Our partnership with FareShare continues to change lives. So far this year, the programme has helped 659 people build skills for the future and since the partnership began 105 have gone on to secure paid employment.
- Our Building Bradford Skills Fund will provide £1 million to four charities delivering employability projects in Bradford. Bradford Central Foodbank, Lower Grange Community Association, The Cellar Trust, and Smart Works are helping improve individuals' job prospects while providing a talent pipeline to support the city's future.
- In this volatile and uncertain time, cost-of-living pressures persist. As a result, there is increasing demand for the free, confidential appointments we offer with Citizens Advice in 44 of our branches. Advisors offer support to everyone, not just members and customers, on topics like overcoming debt. So far this year, we have helped 3,039 people who together could be nearly £1.9 million better off if they act on the advice given.

2. Create Joyful Experiences

However you choose to interact with us – whether that's online, over the phone or through our national network of branches and agencies – we want it to be simple and stress-free.

- We continue to develop digital functionality so members can manage their money in a way that is convenient for them.
- Customers can now open all our online products within our app. This ISA season, one in three customers chose to open an ISA via our app.
- Regular payments can now be managed in our app.
- We have significantly improved our mortgage broker portal, making applications quicker and simpler for brokers and customers.

We know our customers want us to make it even easier for them to manage their accounts online. We have listened to feedback that our payment processing times are too slow. We are working hard to deliver same day payments while taking the time needed to make sure we protect the safety and security of our customers.

Our progress within this strategic pillar is reflected in our Net Promoter Score, which has increased to +66 (30 June 2024: +64)[4]. I am delighted that even more of our customers would recommend us to their friends and family.

Our customers consistently praise our colleagues for the brilliant service they provide. Their human touch makes the difference during important life moments. I am grateful to all our colleagues for their hard work and commitment every day.

3. Ambitious Culture

Our colleagues are the heart and soul of our Society. When we align around a common purpose, work together, and move at pace, anything is possible.

Every three months, I choose the winners of my CEO Awards, recognising colleagues who role model our behaviours. Celebrating our colleagues' successes and inspiring others through their impact are highlights of our year.

Our focus on future-ready skills will set our colleagues up for long-term success and support our Society to grow and prosper.

Skilled, diverse workforces are more innovative, engaged, and productive. We continue to focus on increasing the number of women and ethnically diverse colleagues in senior roles, and other measures of diversity as part of our wider Diversity, Equity & Inclusion Strategy.

[3] In first six months of partnership with Uinsure, 28 November 2024-22 May 2025.

[4] Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – June 2025, based on 8,473 responses.

4. Building a Future-Ready Society

Our final strategic pillar focuses on ensuring the Society remains resilient and sustainable for generations to come.

We are investing significantly for the benefit of our members. The proof-points within the other strategic pillars demonstrate this. From improving processes and digital functionality to developing innovative products, we are driving shifts in the areas that make the biggest difference to our members and customers.

We continue to strengthen our governance, risk, and control. Investment in these areas is critical to our long-term success and will ensure members' interests are protected as we grow.

When looking to the future, we also consider our environmental impact.

- We are committed to supporting the UK's transition to a low-carbon economy. This year, we created a Board-level Environmental and Social Purpose Committee to ensure we apply leadership and focus to this important topic.
- Our partnership with Snugg helps customers understand the energy efficiency of their home. We are exploring how we can go further to help them complete upgrades that will reduce their energy use.
- We continue to work to improve the efficiency of our own operations. I am pleased that the solar car ports at our Bradford head office are now complete and in use. We expect them to reduce our carbon emissions by over 100 tonnes a year and save more than £100,000 in electricity bills.

Growing Our Society and Protecting Members' Interests

Our plan will grow the business safely and sustainably, protecting members' interests and investing in our Society. As we grow, we will help even more people build financial resilience and find a place to call home.

I am proud to lead such a strong and purposeful business with a clear focus on delivering value to our members. My team and I remain committed to helping members and customers achieve their life goals, and ensuring the Society provides Real Help with Real Life for generations to come.

Thank you for your continued support.

Susan Allen, OBE

Chief Executive

Performance at a glance

Member value

Statutory profit before tax	Core operating profit[5]	Cost to core income ratio	Common Equity Tier 1 ratio
£187.9m	**£215.4m**	**47.8%**	**18.5%**
£158.1m 30 June 2024	**£149.2m 30 June 2024**	**53.1% 30 June 2024**	**18.1% 31 December 2024**
This is the profit we earned from our ongoing business operations, excluding taxes.	This is the profit we earned, excluding taxes, fair value volatility and one-time charges.	This ratio is a measure of efficiency, showing how much we are spending to generate every pound of our income.	Maintaining this ratio above a certain minimum helps to protect the Society against unexpected losses.

UK Leverage ratio	Liquidity coverage ratio	Average savings rate differential[6]	Net Promoter Score (NPS®)[7]
6.9%	**228.5%**	**0.63pp** higher than the market	**+66**
6.6% 31 December 2024	**202.7% 31 December 2024**	**0.90pp higher over 2024**	**+64 in 2024**
This ratio highlights the capital we hold compared to our assets, showing our ability to cope with unexpected events.	A liquidity metric which aims to ensure that an adequate level of liquidity is maintained to meet a severe, 30-day stress scenario.	This shows how much higher the rates we paid our customers were compared to the rest of market average.	This measures how willing our customers are to recommend us to others.

Place to call home

Gross lending	Gross mortgage lending market share[8]	Growth in mortgage balances[9]	New residential mortgages provided
£4.3bn	**2.9%**	**1.7%**	**18,000**
£5.2bn 30 June 2024	**3.8% 31 December 2024**	**4.3% 30 June 2024**	**23,000 30 June 2024**
This represents the amount we have provided to customers to help finance properties over the period.	This represents our share of all mortgage lending in the UK housing market.	This represents the growth in our overall mortgage balances over the period.	The number of new residential mortgages advanced in the period, helping our customers to have a place to call home.

Financial wellbeing

Savings accounts opened	Savings balance market share[10]	Movement in shares balances	Average savings rate paid[11]
288,000	**2.5%**	**-0.5%**	**3.78%**
290,000 30 June 2024	**2.5% 31 December 2024**	**5.5% 30 June 2024**	**4.21% over 2024**
The number of accounts opened by new and existing members over the period, helping them save for the future.	This reflects our share of the UK savings market.	This shows the total deposits from members. We use these balances to fund the mortgages we offer to our customers.	This shows the benefit we are giving back to our members.

More detail on business performance can be found in the *Business highlights* on page 6.

5 Definitions of alternative performance measures are provided in the glossary for the 2024 Annual Report and Accounts.

6 YBS Group average savings rate compared to rest of market average rates. Data source: CACI's Current Account and Savings Database (CSDB), Stock. Data period: January – May 2025 (latest data available). Comparative period: January – December 2024.

7 Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – June 2025, based on 8,473 responses.

8 Based on Bank of England total industry gross lending. Data period January – May 2025.

9 Growth in mortgage balances excludes fair value adjustments for hedged risk on loans and advances to customers.

10 Source: YBS analysis of BSA Household savings. Data period: January – May 2025.

11 Source: CACI's Current Account and Savings Database (CSDB), Stock. Data period January – May 2025.

Business highlights

This section provides a brief overview of the key activities of Yorkshire Building Society ('YBS' or 'the Society') and its controlled entities (collectively 'the Group' or 'YBS Group') in the first six months of the year, as well as updates on the environments in which YBS operates.

Economic environment overview

In the first half of 2025, the UK economy has experienced modest growth with Q1 gross domestic product reaching 0.7% (2024 Q1: 0.7%) followed by two months of modest declines. As a result, the Organisation for Economic Co-operation and Development has revised its 2025 growth forecast down to 1.3%[12]. This revision reflects the increasing challenges stemming from global trade tensions, inflationary pressures, and fiscal constraints. Notably, the impact of US-imposed tariffs has disrupted international trade systems, affecting UK exports and levels of business confidence. On a more positive note, recent trade agreements reached with the EU, US, and India provide some increased cause for optimism.

The rate of inflation has increased during the period, from 2.5% in December 2024 to 3.6% in June 2025, and is projected to peak at 3.7% in Q3 2025, primarily due to higher utility prices. Although this is a significant fall from the peak of 11.1% in Q4 2022, the cost of living remains a significant challenge for many UK households. The consensus view among economists is that the rate of inflation is likely to fall back in line with the UK Government target of 2% at some point during 2027.

Interest rate expectations have been particularly volatile, due to both persistent inflationary pressures and broader geopolitical uncertainty. The Bank of England reduced Bank Rate by 0.50% to 4.25% during the period, with further reductions likely, though the scale and timing of these remain uncertain and are heavily influenced by the US position on tariffs and the global action taken in response.

In the UK labour market, the unemployment rate has increased modestly this year, and whilst wage growth remains robust, in real terms wages remain lower than pre-cost-of-living crisis levels.

The UK mortgages market

Overall, the UK mortgage market in 2025 so far reflects a cautiously optimistic environment, with an increase in lending activity being supported by a combination of lower interest rates and a relaxation of affordability criteria. During the period, the FCA published updated guidance permitting lenders to assess customer affordability using the rate the customer is most likely to revert to at the end of their existing product term, allowing the use of product transfer rates rather than reversionary rates. This led to a number of lenders, including a number of the biggest lenders, to adjust their affordability assessments, increasing the average borrowing capacity for customers.

Market mortgage rates across both residential and buy to let sectors have been on a steady downwards trajectory this year, following a similar reduction in swap rates driven by easing inflationary pressures and concerns over economic growth.

2025 has seen heightened competition and margin compression across the market. Falling interest rates have improved affordability allowing customers to explore a broader range of options when their fixed rate term comes to an end.

In this market context, YBS has further developed its purpose-aligned propositions by extending our '£5k Deposit Mortgage' proposition to flats. This is expected to be particularly beneficial for people in areas like London and the South East. We also further extended our *Cascade Score* proposition to borrowers purchasing a new build property up to 90% loan to value. *Cascade Score* helps borrowers with a smaller deposit to secure a mortgage where they may previously have been declined. Following the change to stamp duty thresholds, we introduced a number of products with a cashback of between £2,750 and £6,250, designed to offer help to first-time buyers who may as a consequence of this change, struggle with their cashflow following the completion of their mortgage.

The Society achieved gross lending of £4.3 billion in the first six months of 2025 (Period to 30 June 2024: £5.2 billion), as the Society maintained pricing discipline in an increasingly competitive market. The Society has returned to a more natural market share than observed in the last two years, with net lending in the period to 30 June 2025 of £0.9 billion, compared to £2.0 billion over the same period in 2024.

The UK savings market

The year so far has seen reductions in Bank Rate and consequently a reduction in the savings rates available to customers across the market. This effect has been tempered to a degree by heightened levels of competition for retail deposits, in particular in the fixed rate market. Competition has likely been driven by lenders individual funding and growth plans, the protection of significant fixed term product maturities, and the requirement to generate the funds needed to meet significant levels of TFSME[13] repayment, which are due by the end of 2025.

In addition to this ongoing theme, this year's ISA season was again very competitive, amplified by the uncertainty around the government's approach to changing ISA subscription limits prior to the start of the 2025 tax year. Whilst the limits have so far remained ultimately unchanged, the market saw heightened movements from non-ISA deposits into ISA's compared to previous years. The largest lenders also priced their fixed rate ISA ranges competitively, often at market best buy rates, another indication of a more competitive market than observed in previous years.

Against this backdrop, we remain committed to helping customers improve their financial resilience by providing purposeful propositions such as our First Home Saver, where we have opened 661 new accounts so far this year, and the 2025 issue of our Christmas Regular Saver which over 12,000 savers have so far taken advantage of.

12 https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2025-issue-1_83363382-en.html
13 TFSME, Term Funding Scheme with additional incentives for Small and Medium-sized Enterprises.

The UK savings market (continued)

The rates of return we offered on our savings products continued to outperform the market average; our variable rates were 0.63 percentage points higher (0.90 percentage points higher over 2024). The competitive pressures in the market outlined above, along with our strong levels of liquidity, have led us to take a more measured approach to deposit balance management this year. Balances decreased by £0.2 billion to £52.7 billion (Period to 30 June 2024: £2.6 billion growth).

Outlook

The UK economy is projected to grow modestly in the foreseeable future. While business confidence has shown some limited signs of recovery, challenges such as inflation, fiscal constraints, and global trade uncertainties pose risks to sustained economic growth.

The market expectation for the future path of Bank Rate suggests further gradual reduction over the course of the next two years, although recent market volatility suggests the pace of Bank Rate reductions is uncertain.

A falling Bank Rate environment is likely to result in lower mortgage rates and improve affordability constraints. 2025 has seen heightened competition and margin compression across the market, consequently making customer retention more challenging. Many customers are also reaching the end of historically low five-year fixed rates, resulting in an increase in payment rate when the product matures. Conversely, those who have been locked into higher rates over the past two years are now likely to be seeking payment relief and actively pursuing more competitive deals, increasing price sensitivity amongst customers. In this context, we expect competition in the market to remain elevated for the near future.

Further decreases in Bank Rate will likely see a reduction in returns available for savers. However, this is difficult to predict given the potentially volatile rate environment. In response, customer preferences may shift towards the flexibility of easy-access accounts. Alternatively, some may choose fixed-rate products to lock in currently favourable rates before any further decline. The overall market size is expected to experience modest growth in the near term, as a portion of customers continue to draw on their savings to manage elevated living costs.

In addition to changing consumer behaviours, there is continued speculation that the structure of ISAs, including subscription limits, will be revisited by the Chancellor in the Autumn Budget. There is also an on-going consultation concerning increasing the FSCS protection limit from £85,000 to £110,000. Both of these prospective changes are likely to have an impact on the UK savings market.

Significant risks continue to be posed by geopolitical factors such as US tariff policies and their subsequent impact on global trade, alongside ongoing conflicts in the Middle east and Ukraine. Domestically, changes to UK fiscal policy aimed at reducing the budget deficit have the potential to impact wage growth and consumer spending.

The Society is well positioned to navigate periods of economic uncertainty, and we closely monitor the external environments in which we operate. We will continue to prioritise the financial strength and competitive position of the Society in the interests of our members, and will respond appropriately to opportunities, challenges and threats as they emerge.

Our financial performance

The following summary sets out the key drivers of our financial results over the first half of the year, and the impact they have on the condensed interim financial statements.

The table below presents the results of the Group for the half-year ended 30 June 2025. See note 1 to the condensed interim financial statements for more information on the basis of preparation.

Income Statement

The financial services market has continued to experience margin pressures driven by recent reductions in the Bank Rate and increased levels of competition. These rate cuts have led to lower mortgage pricing across the sector, alongside a reduction in savings rates. While the Bank Rate remained unchanged during the first half of 2024, the first half of 2025 saw two decreases which when combined with the cumulative effect of the two rate reductions in the second half of 2024, has created downwards pressure on net interest margin. However, our measured approach to pricing, coupled with our structural hedge has resulted in an increased net interest margin as rates decline, demonstrating our prudent and proactive management of the balance sheet.

Despite challenges in the external environment, the Group has delivered strong financial performance, supported by a growing mortgage book and effective risk management. As a result, net interest income was £429.6 million in the period, an increase from the same period last year (Period to 30 June 2024: £340.8 million).

Management expenses have increased year on year as we increase our investment in strategic change, and a higher headcount to support both project delivery and ongoing operational activities.

Our financial performance (continued)

Income Statement (continued)

Our financial performance is monitored by our Board who, in addition to looking at statutory profit before tax, look at core operating profit. Core operating profit excludes items such as fair value volatility and one-time charges that are either temporary in nature or reverse over time and so do not reflect the Group's day-to-day activities. In this reporting period, core operating profit was £215.4 million, an increase of £66.2 million on the equivalent period last year (Period to 30 June 2024: £149.2 million).

The following table shows the items removed from statutory profit before tax to arrive at core operating profit.

		Half-year to 30 June 2025			Half-year to 30 June 2024			Year to 31 December 2024		
		Statutory	**Remove non-core items**	**Core**	Statutory	Remove non-core items	Core	Statutory	Remove non-core items	Core
	Notes	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m	£m
Net interest income	i	**429.6**	**(1.0)**	**428.6**	340.8	(1.8)	339.0	736.5	(2.4)	734.1
Fair value gains and losses	ii	**(28.8)**	**28.8**	**–**	7.1	(7.1)	–	36.2	(36.2)	–
Net realised gains		**0.9**	**–**	**0.9**	–	–	–	0.2	–	0.2
Other income and expenses	iii	**(12.4)**	**(0.4)**	**(12.8)**	1.2	–	1.2	(21.1)	(0.2)	(21.3)
Total income/core income		**389.3**	**27.4**	**416.7**	349.1	(8.9)	340.2	751.8	(38.8)	713.0
Management expenses		**(199.2)**	**–**	**(199.2)**	(180.5)	–	(180.5)	(366.6)	–	(366.6)
Impairment of financial assets		**(2.0)**	**–**	**(2.0)**	(10.7)	–	(10.7)	(0.2)	–	(0.2)
Movement in provisions	iv	**(0.2)**	**0.1**	**(0.1)**	0.2	–	0.2	(1.3)	0.8	(0.5)
Profit before tax/core operating profit		**187.9**	**27.5**	**215.4**	158.1	(8.9)	149.2	383.7	(38.0)	345.7

The notes below explain the adjustments made to statutory profit to arrive at the core operating profit figure:

i. Historical fair value credit adjustments on acquired loans.

ii. Removed fair value volatility i.e. gains and losses on derivatives not qualifying for hedge accounting, and on non-core equity investments.

iii. Profit/(loss) on the sale of fixed assets and on the disposal of intangible assets.

iv. Non-core elements of the restructuring provision.

The following are the main items in the income statement that contribute to core operating profit:

- Net interest income for the year to June is £429.6 million (Period to 30 June 2024: £340.8 million), representing a net interest margin of 1.31%, an increase of 0.22 percentage points compared to the equivalent period last year. In prior years, agency commission was shown as a reduction to net interest income (Period to 30 June 2024: £11.6 million cost). Following a reclassification to better reflect the contractual agreement, this cost is now included in net fees and commission. On a like for like basis, net interest income in the period to 30 June 2024 would have been £352.5 million.
- Movements in fair value gains and losses are primarily driven by fluctuations in swap rates observed during the first half of the year.
- Other expenses of £12.4 million relates to fees, commissions, and other operating income (Period to 30 June 2024: £1.2 million income). Agency commission expense of £11.1 million is also included in the other income and expenses line, following a reclassification at the year end to better reflect the contractual agreement, with this item previously categorised within net interest income.
- Management expenses were £199.2 million, an increase of £18.7 million against the same period in 2024. Cost increases were driven by investments in multi-year projects, a significant portion of which relates to an increase in the number of full-time equivalent employees contributing to these initiatives.
- Movements in management expenses and net interest income have resulted in a decrease in the cost to core income ratio from 51% to 48%.
- An impairment charge of £2.0 million has been recorded in the period (Period to 30 June 2024: £10.7 million). See note 8 to the condensed interim financial statements for more information on expected credit losses, including the economic scenarios used.

Our financial performance (continued)

Income Statement (continued)

As a mutual, we do not pay dividends to external shareholders. Our profitability requirements are solely driven by the need to support ongoing operations and reinvest in the future of the Society. Profit remains sufficient to fund our long-term strategy and ensure we remain resilient to economic pressures.

The Group's business activities are focused within the UK and predominantly relate to mortgage lending which is funded primarily through domestic deposits. We continue to have a cautious approach to liquidity management and as at 30 June 2025, the majority of our liquidity portfolio consisted of exposures to the Bank of England and the UK Government.

Balance Sheet

The balance sheet presented below is rounded to the nearest point one of a billion. Any figures or measures quoted are based on the consolidated balance sheet on page 18.

	As at 30 June 2025 £bn	As at 30 June 2024 £bn	As at 31 December 2024 £bn
Liquid assets	**14.3**	13.7	14.6
Loan and advances to customers	**50.6**	48.8	49.7
Fair value adjustment for hedged risk on loans and advances to customers	**(0.1)**	(0.7)	(0.5)
Other assets	**1.1**	2.1	1.7
Total assets	**65.9**	63.9	65.5
Shares[14]	**51.8**	49.6	52.0
Wholesale funding and other deposits[15]	**7.9**	8.1	7.3
Subordinated liabilities	**1.5**	1.5	1.5
Other liabilities	**0.6**	0.9	0.7
Total liabilities	**61.8**	60.1	61.5
Members' interest and equity	**4.1**	3.8	4.0
Total members' interest, equity and liabilities	**65.9**	63.9	65.5

Overall balance sheet growth in the 6 months to 30 June 2025 was 0.6% (Period to 30 June 2024: 4.8%).

Shares balances have remained broadly stable since the year end, reaching £51.8 billion (31 December 2024: £52.0 billion). This reflects the increased market pressures as the deadline for TFSME repayments approaches, alongside a wider trend of slower growth across the UK savings market driven by lower interest rates. During 2024, we repaid the final £1.0 billion of the Bank of England's funding scheme, TFSME, as we anticipated competition would heighten. While savings balances have remained stable so far this year, we continue to support our members with our average savings rate differential continuing to outperform the market average.

Net mortgage lending was positive at £0.9 billion, albeit lower than the same period in 2024 (Period to 30 June 2024: £2.0 billion). Lending volumes in early 2024 were supported by favourable market conditions, but growth moderated in the second half of the year as the Bank Rate began to fall and competition intensified. This more measured pace of growth has continued into the first half of 2025. The Society has maintained a disciplined approach to lending and pricing, with our market share remaining resilient, reflecting the continued strength of our propositions and our commitment to sustainable growth.

The asset quality of our loan book remains high. The value of loans more than three months in arrears represents 0.45% of our mortgage book at 30 June 2025 (31 December 2024: 0.43%). The number of accounts which are more than three months in arrears (including possessions) is 0.52% at 30 June 2025 (31 December 2024: 0.50%), which remains significantly better than the industry average, the latest data for which is 0.93% (31 December 2024: 0.97%)[16]. A number of indicators are used in assessing the credit quality of our loan book, which are continually monitored. We also continue to consider our lending criteria carefully.

In January we successfully issued the latest covered bond in our portfolio. With a liquidity coverage ratio of 228.5% (31 December 2024: 202.7%) and a liquidity ratio of 23.9% (31 December 2024: 24.6%), the Society continues to maintain significant headroom above regulatory requirements. Our strong liquidity position reflects a prudent approach to risk management and ensures we can operate sustainably through changing market conditions. The liquidity coverage ratio as at 30 June 2025 also reflects work undertaken to strengthen the Society's capabilities in respect of liquidity regulatory reporting, the implementation of which contributes to a significant portion of the increase in the metric since the 2024 year end.

[14] Shares in the summary balance sheet includes the fair value adjustment for hedged risk on shares of £43.1 million (31 December 2024: £1.0 million).

[15] Within 'wholesale funding and other deposits' are £0.9 billion of retail savings deposits not classed as shares (30 June 2024: £0.7 billion, 31 December 2024: £0.9 billion).

[16] Industry average sourced from UK Finance: Retail, 3m+ in arrears. Latest data available is as at March 2025.

Our financial performance (continued)

Balance Sheet (continued)

Key capital ratios demonstrate significant headroom against regulatory minimums. In 2024, work was undertaken to strengthen the Society's governance, risk, and control capabilities in respect of capital related disclosures and regulatory reporting. The implementation of resulting enhancements has contributed significantly to the year-on-year increase in the leverage ratio.

Our CET 1 ratio, which represents the relationship between the strongest form of capital (predominantly retained profits) and risk-weighted assets, is 18.5% (31 December 2024: 18.1%).

The UK leverage ratio is calculated by dividing Tier 1 capital resources by the leverage exposure, which is a prescribed measure of on- and off-balance sheet items. This measure is in accordance with the UK regulatory framework, and currently stands at 6.9% (31 December 2024: 6.6%).

The Society is undertaking the necessary preparations for implementation of Basel 3.1 on 1 January 2027. The Society currently applies the standardised approach to credit risk, and it is expected to continue doing so at the point of implementation. Due to the Society's primary focus on low-risk Residential Real Estate, the implementation of Basel 3.1 is expected to have a positive impact on the Society's CET 1 ratio.

Risk overview

The environment in which we operate and the nature of the risks that we face are continually evolving.

Effective risk management is fundamental to ensure we achieve sustainable growth and maintain the trust of our members, customers, colleagues, and regulators.

How we manage risk

We categorise the emerging and evolving risks that we face into the eight principal risks defined in our Enterprise Risk Management Framework. This ensures that we identify, assess, and manage these risks carefully and consistently.

The most significant emerging and evolving risks are reviewed regularly through our senior risk committees and are considered during our business planning processes.

We continue to monitor the effectiveness of, and invest in, our risk management capabilities to ensure timely and appropriate action is taken to protect the interests of the Society and its members and customers.

Our robust risk management framework, strong capital position, diverse funding sources, and high liquidity levels lead us to be confident in our financial and operational resilience.

Top emerging and evolving risks

Emerging or evolving risk	Principal risk(s)	Commentary
Our Strategy and the external environment	■ Strategic Risk ■ Financial Risk	Our core markets of savings and mortgages are highly competitive. It is therefore important that we operate a responsible and sustainable business on our members' behalf. Our business model is robust; however, macro-economic forces are changing the banking landscape. It is imperative to assess and monitor these business model risks and macro-economic trends and their potential impact to ensure we can continue to operate sustainably over the longer-term. We regularly monitor, assess, report and manage the most material risks to our strategy as part of our Enterprise Risk Management Framework, and through our strategy and planning processes. We control our costs appropriately and ensure investments are prioritised to the areas that will deliver most for our members and customers. We stress-test our capital and liquidity positions regularly and our capital and liquidity ratios continue to remain significantly within the Board-approved risk appetite.
Cyber security	■ Operational Risk	The cyber security threat to the UK financial services industry continues to grow, originating from both organised crime groups and nation state operators. 'Threat actors' are becoming ever more invasive and sophisticated in their approaches, with ransomware and the exploitation of vulnerabilities key threats. Resilience to such threats, and an ability to respond effectively in the event of an attack, remain essential. We continue to invest in and enhance our cyber threat monitoring and response capability to protect the Society and our members and customers, and to maintain the confidence of our regulators.
Fraud	■ Operational Risk ■ Conduct Risk	Criminals are becoming ever more sophisticated in targeting consumers. Typical frauds in financial services include phishing, identity theft, account takeovers and scams. We continue to invest in and upgrade our fraud prevention and monitoring controls to help protect our members from becoming victims of fraud.
Economic impact on our customers	■ Credit Risk	We remain alert to potential economic impacts on our customers from rising unemployment and economic uncertainty. Mortgage borrowing costs are much higher than they were five years ago so household finances for many customers will remain strained. For new lending, we use an affordability model which applies a stressed interest rate, which is reviewed at least every six months, to ensure that customers could afford their mortgage payments at a higher rate. Our lending criteria aim to balance the level of risk we take with lending responsibly to deliver good customer outcomes, minimise arrears and comply with the Consumer Duty regulations. And, for existing borrowers, we have a range of options to support customers who may be experiencing financial difficulty, including forbearance options.

Emerging or evolving risk	Principal risk(s)	Commentary
Technology resilience	▪ Operational Risk	Reliable and cost-effective IT infrastructure is vital to deliver the level of service our members, customers, colleagues, and regulators expect. As IT components age, their health and value deteriorate and the risks they pose to security and resilience increase. We therefore continue to modernise and simplify our IT infrastructure to ensure it remains resilient and secure.
Colleague attraction and retention	▪ People Risk	Attracting and retaining talented colleagues to deliver Our Strategy is vital, and we continue to experience competition for certain skillsets; digital, cyber security, change management and data analytics skills are particularly in demand. Effective resource planning, forecasting, and succession planning remain priorities. We are refreshing our People Plan and Employee Value Proposition and continually refine our people policies and processes to improve colleagues experience of life at YBS.
The use of sophisticated models	▪ Model Risk	We use sophisticated models primarily to help manage our financial risks. These use historical data and assumptions based on the past to provide future estimates to assist with running the business and in understanding our risks. Any approach that seeks to predict the future carries inherent risk. Our Model Risk Committee regularly reviews the specific risks associated with the models. We also ensure that our model risk framework meets regulatory requirements.
Transforming our business	▪ Change Risk	We are transforming our business to support the next phase of our growth plans and deliver Our Strategy. This involves implementing new systems, automating business processes, and developing new ways of working. Managing this change execution effectively will ensure that we deliver the required strategic outcomes. We have therefore refreshed our change risk management framework which includes stronger governance and oversight controls.
The regulatory environment	▪ Conduct Risk ▪ Strategic Risk	The regulatory environment in which we operate continues to evolve. Monitoring and maintaining our regulatory compliance positions is one of our highest priorities.
Climate change	▪ Credit Risk ▪ Operational Risk	The main risks from climate change for the Society arise in the physical risks to our customers' properties, such as from flooding, subsidence, and coastal erosion, and those posed by the transition to a lower-carbon economy, such as changes in energy efficiency regulation. We continue to develop our environmental and climate change risk management capabilities to ensure that we align with industry good practice and meet reporting and disclosure requirements.

Regulatory environment

The Society places emphasis on operating in a responsible and sustainable way. As part of this, we monitor the regulatory environment and take steps to ensure compliance with all existing and upcoming regulation.

Relevant regulatory updates include:

Mortgage Rule Review

The Financial Conduct Authority (FCA) wants to ensure firms are aware of the flexibility its rules provide, and that creditworthy consumers can access the affordable mortgage they need, supporting home ownership. On 6 May 2025, the FCA launched a consultation – Mortgage Rule Review, proposing early ideas to simplify its rules and benefit mortgage consumers, making it easier to:

- remortgage with a new lender;
- discuss their options outside a regulated advice process;
- reduce their mortgage term.

The rules will be permissive; YBS can choose whether or not to take up the new flexibility. In principle, YBS is supportive of the proposed changes around the advice process. YBS is committed to ensuring that lending is done responsibly with customer affordability being assessed.

In June, the FCA opened a public discussion on the future of the mortgage market to consider further changes; the discussion covers topics such as risk appetite (i.e. the level of risk a firm is prepared to take) and responsible risk-taking, alternative affordability testing and product innovation, lending into later life, and consumer information needs. Alongside all interested parties, the FCA will consider what the market needs to deliver for different consumers at different stages in their lives and the wider UK economy, and the role of regulation to deliver it.

Separately, the Prudential Regulation Authority (PRA) announced a review of the Loan to Income (LTI) flow limit rule and offered firms a modification by consent to disapply the relevant rule while the review is ongoing. YBS' application for the modification has been approved. The current LTI rule ensures that mortgage lenders limit the number of new residential mortgage loans made with an LTI ratio at, or greater than, 4.5 to no more than 15% of their total number of new mortgage loans per annum. YBS has engaged with the Bank of England and the FCA to support the review and outlined how LTI reform can support more first-time buyers onto the housing ladder.

Modernising the Redress System

On 15 November 2024, the FCA, and the Financial Ombudsman Service (FOS) published a joint Call for Input on Modernising the Redress System. Customers in the UK have access to redress when matters go wrong by initially contacting the firm they are dealing with. Firms have 8 weeks to deal with a complaint and if the customer is unhappy with the response, they have the right to refer their complaint to the FOS, free of charge. The Call for Input aimed to reform the redress system and address how consumers can more easily access fair compensation when things go wrong, focusing on fairness, speed, and efficiency in resolving disputes.

The key objectives for this Call for Input were that:

- Consumers can get redress when things have gone wrong.
- Firms identify harm at an early stage, proactively address it, and resolve complaints more effectively themselves, reducing the need for consumers to complain.
- By working with firms to identify redress events earlier, they can be resolved swiftly and efficiently, this could result in fewer events escalating into mass redress events and reduce the burden on the FOS and the Financial Services Compensation Scheme (FSCS).
- Communications with consumer and industry stakeholders are improved, making it quicker and easier to flag matters with wider market implications.
- Improvement in how the FOS & FCA work together to ensure regulatory views are consistent as this will help provide a more certain regulatory environment for firms.

Following the Call for Input, the FCA launched a public consultation on the proposed changes on 15 July 2025.

Energy Performance of Buildings Regime Reforms (EPC Reforms)

The Energy Performance of Buildings (EPB) regime was introduced in phases from 2007, with the goal of improving the energy efficiency of buildings, reducing their carbon emissions, and lessening the impact of climate change. Relevant legislation is the Energy Performance of Buildings (England and Wales) Regulations 2012 ("EPB Regulations"). Since their introduction, the policy landscape around energy has changed greatly with new priorities and as a result the Government has proposed changes to the EPB Framework. The Government issued a consultation paper on 4 December 2024 – Reforms to the Energy Performance of Buildings regime, outlining proposed reforms to enhance the building energy performance regime in five critical areas: updating EPC metrics, refining requirements for Energy Performance Certificates (EPCs) and Display Energy Certificates (DECs), improving data management protocols, strengthening quality control, and revising Air Conditioning Inspection Reports (ACIRs).

The Government is proposing using multiple metrics on EPCs to provide a more complete representation of building energy performance. Four headline metrics have been proposed: fabric performance, heating system, smart readiness, and energy costs, with other metrics provided as secondary information. Using multiple complementary metrics as the Government proposes marks a significant change from the current system of a single metric rating and considering the impact on EPC users will be important in the final design of the EPC.

Digital Property Market

Under major new plans announced on 9 February 2025, the Government will modernise the way the house buying and selling process works to bring down current delays of almost five months. One of the key reasons the buying and selling process can be long and frustrating is a lack of digitalisation and join up in the sector. The Government is seeking to open up key property information, ensuring this data can be shared between trusted professionals more easily, and driving forward plans for digital identity services to cut transaction times.

A 12-week project was announced to identify the design and implementation of agreed rules on data for the sector, so that it can easily be shared between conveyancers, lenders and other parties involved in a transaction. HM Land Registry will also build on its work in digitising property information and will lead 10-month pilots with a number of councils to identify the best approach to opening up more of their data and making it digital.

Vulnerable Customer Review

On 7 March 2025, the FCA concluded their review of Firms' treatment of customers in vulnerable circumstances. The review looked into Firms' understanding of consumer needs, the skills and capacity of staff, product and service design, communications and customer service, and whether these supported the fair treatment of customers in vulnerable circumstances. The review also investigated whether the outcomes vulnerable customers received were as good as outcomes of other customers. The review was wide ranging, and included surveys completed by Firms and separate multi-firm reviews, which YBS participated in.

On conclusion of the review, the FCA decided that their existing guidance on the treatment of vulnerable customers was still appropriate. YBS recognises that every day we meet people who are part of our vulnerable community – they might be our customers, or maybe their family and friends who support them. We aim to deliver a positive customer experience for everyone, no matter what their circumstances, and to provide extra care to our vulnerable community when they need it. Help can be provided in any of our branches or agencies, through our secured message service or by telephone on 0345 1200 805.

Changes to the Board

A complete list of the board of directors can be found in the 2024 Annual Report and Accounts and there have been no changes to the directors during the first six months of 2025.

Signed on behalf of the Board by

Susan Allen, OBE
Chief Executive Officer
23 July 2025

Tom Ranger
Chief Financial Officer
23 July 2025

Consolidated Income Statement
(Unaudited)

	Notes	**Half-year to 30 June 2025 £m**	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Interest revenue calculated using the effective interest rate method	3	**1,320.3**	1,186.3	2,496.5
Other interest revenue	3	**305.2**	473.0	879.9
Interest revenue	3	**1,625.5**	1,659.3	3,376.4
Interest expense	4	**(1,195.9)**	(1,318.5)	(2,639.9)
Net interest income		**429.6**	340.8	736.5
Fee and commission revenue		**5.6**	9.0	16.9
Fee and commission expense		**(18.6)**	(8.1)	(38.8)
Net fee and commission (expense)/income		**(13.0)**	0.9	(21.9)
Net (losses)/gains from financial instruments held at fair value	5	**(28.8)**	7.1	36.2
Net realised gains on disposal of financial instruments		**0.9**	–	0.2
Other operating income		**0.6**	0.3	0.8
Total income		**389.3**	349.1	751.8
Administrative expenses		**(191.9)**	(170.5)	(343.1)
Depreciation and amortisation		**(7.3)**	(10.0)	(23.5)
Impairment charge of financial assets	6	**(2.0)**	(10.7)	(0.2)
Movement in provisions		**(0.2)**	0.2	(1.3)
Profit before tax		**187.9**	158.1	383.7
Tax expense	7	**(49.8)**	(41.6)	(102.0)
Profit for the period		**138.1**	116.5	281.7

Consolidated Statement of Comprehensive Income
(Unaudited)

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Profit for the period	**138.1**	116.5	281.7
Items that may be subsequently reclassified through profit or loss			
Cash flow hedges:			
Fair value movements taken to equity	**(15.9)**	–	5.7
Amounts transferred to the income statement	**2.6**	(0.1)	3.5
Tax on amounts recognised in equity	**3.7**	–	(2.6)
Financial assets measured through other comprehensive income:			
Fair value movements taken to equity	**6.9**	18.6	(13.8)
Amounts transferred to the income statement	**0.9**	0.3	1.2
Tax on amounts recognised in equity	**(2.2)**	(5.3)	3.5
Items that will not be reclassified through profit or loss			
Remeasurement of retirement benefit obligations	**(4.6)**	2.2	(4.2)
Tax on remeasurement of retirement benefit obligations	**1.3**	(0.6)	1.2
Total other comprehensive (expense)/income	**(7.3)**	15.1	(5.5)
Total comprehensive income for the period	**130.8**	131.6	276.2

Consolidated Balance Sheet
(Unaudited)

	Notes	As at 30 June 2025 £m	As at 30 June 2024 £m	As at 31 December 2024 £m
Assets				
Cash and balances with the Bank of England		**6,417.4**	5,274.8	5,609.7
Loans and advances to credit institutions		**651.0**	568.9	590.0
Debt securities		**7,222.3**	7,864.3	8,421.3
Loans and advances to customers	8	**50,571.7**	48,840.2	49,705.5
Fair value adjustment for hedged risk on loans and advances to customers		**(77.0)**	(689.9)	(454.7)
Derivative financial instruments		**931.1**	1,793.0	1,466.9
Investments		**1.6**	3.2	1.6
Intangible assets		**15.8**	16.3	16.1
Investment property		**11.1**	15.7	11.1
Property held for sale		**–**	0.6	0.8
Property, plant and equipment		**99.4**	98.8	101.4
Retirement benefit surplus	9	**28.1**	40.3	33.0
Current tax assets		**–**	16.2	5.3
Other assets		**33.0**	33.5	36.4
Total assets		**65,905.5**	63,875.9	65,544.4
Liabilities				
Shares		**51,769.4**	49,637.6	52,044.4
Fair value adjustment for hedged risk on shares		**43.1**	–	1.0
Amounts owed to credit institutions		**952.8**	1,885.1	1,168.9
Other deposits		**1,429.7**	1,201.4	1,196.8
Debt securities in issue		**5,554.0**	5,035.3	5,019.3
Derivative financial instruments		**433.9**	677.5	555.8
Current tax liabilities		**2.3**	–	0.2
Deferred tax liabilities		**32.7**	45.7	43.2
Retirement benefit obligations	9	**7.1**	7.6	7.4
Provisions for liabilities and charges		**3.3**	2.9	4.2
Subordinated liabilities		**1,489.7**	1,485.1	1,453.3
Other liabilities		**82.0**	67.6	75.2
Total liabilities		**61,800.0**	60,045.8	61,569.7
Members' interests and equity		**4,105.5**	3,830.1	3,974.7
Total members' interest, equity and liabilities		**65,905.5**	63,875.9	65,544.4

Consolidated Statement of Changes in Members' Interest and Equity (Unaudited)

	General reserve £m	Cash flow hedge reserve £m	Fair value through other comprehensive income £m	Total £m
Half-year to 30 June 2025				
At 1 January 2025	**3,987.0**	**7.0**	**(19.3)**	**3,974.7**
Profit for the period	**138.1**	**–**	**–**	**138.1**
Net remeasurement of defined benefit obligations	**(3.3)**	**–**	**–**	**(3.3)**
Net movement in cash flow hedges	**–**	**(9.6)**	**–**	**(9.6)**
Net movement in fair value through other comprehensive income	**–**	**–**	**5.6**	**5.6**
Total comprehensive income	**134.8**	**(9.6)**	**5.6**	**130.8**
At 30 June 2025	**4,121.8**	**(2.6)**	**(13.7)**	**4,105.5**
Half-year to 30 June 2024				
At 1 January 2024	3,708.3	0.4	(10.2)	3,698.5
Profit for the period	116.5	–	–	116.5
Net remeasurement of defined benefit obligations	1.6	–	–	1.6
Net movement in cash flow hedges	–	(0.1)	–	(0.1)
Net movement in fair value through other comprehensive income	–	–	13.6	13.6
Total comprehensive income	118.1	(0.1)	13.6	131.6
At 30 June 2024	3,826.4	0.3	3.4	3,830.1
Year to 31 December 2024				
At 1 January 2024	3,708.3	0.4	(10.2)	3,698.5
Profit for the year	281.7	–	–	281.7
Net remeasurement of defined benefit obligations	(3.0)	–	–	(3.0)
Net movement in cash flow hedges	–	6.6	–	6.6
Net movement in fair value through other comprehensive income	–	–	(9.1)	(9.1)
Total comprehensive income	278.7	6.6	(9.1)	276.2
At 31 December 2024	3,987.0	7.0	(19.3)	3,974.7

Consolidated Statement of Cash Flows
(Unaudited)

	Notes	**Half-year to 30 June 2025 £m**	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Cash flows from operating activities				
Profit before tax		**187.9**	158.1	383.7
Non-cash items included in profit before tax	11	**72.0**	64.2	77.6
Net change in operating assets	11	**(720.0)**	(1,822.2)	(2,577.3)
Net change in operating liabilities	11	**(221.2)**	2,719.5	4,334.5
Tax paid		**(50.1)**	(35.5)	(80.6)
Net cash flow from operating activities		**(731.4)**	1,084.1	2,137.9
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets		**(4.8)**	(7.2)	(18.3)
Proceeds from sale of property, plant and equipment		**0.8**	–	–
Purchase of debt securities		**(1,172.0)**	(1,671.7)	(3,769.4)
Redemption and other movements of debt securities		**2,379.7**	1,388.2	2,897.6
Net cash flow from investing activities		**1,203.7**	(290.7)	(890.1)
Cash flows from financing activities				
Redemption of debt securities in issue	11	**(82.5)**	(1,006.4)	(1,429.4)
Issue of debt securities	11	**507.6**	1,178.6	1,543.6
Redemption of subordinated liabilities	11	**(25.6)**	(142.5)	(142.6)
Interest paid on subordinated liabilities		**(1.7)**	(37.4)	(76.7)
Interest paid on lease liabilities		**(0.2)**	0.2	(0.5)
Capital repayments on lease liabilities		**(1.2)**	(2.2)	(2.5)
Net cash flow from financing activities		**396.4**	(9.7)	(108.1)
Net change in cash and cash equivalents		**868.7**	783.7	1,139.7
Opening balance		**6,199.7**	5,060.0	5,060.0
Closing cash and cash equivalents		**7,068.4**	5,843.7	6,199.7
Cash and cash equivalents				
Cash and cash equivalents		**6,417.4**	5,274.8	5,609.7
Loans and advances to credit institutions		**651.0**	568.9	590.0
Closing cash and cash equivalents		**7,068.4**	5,843.7	6,199.7

Net cash flows from operating activities of the Group include interest received of £732.7 million (Period to 30 June 2024: £876.5 million) and interest paid of £1,686.9 million (Period to 30 June 2024: £1,433.3 million).

Notes to the Interim Financial Statements

1. Basis of preparation

These condensed interim financial statements present the results of Yorkshire Building Society ('YBS') and its controlled entities (collectively 'the Group' or 'YBS Group') for the half-year ended 30 June 2025.

The accounting policies, presentation and measurement applied during the period are consistent with those applied by the Group in the 31 December 2024 audited annual financial statements being International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and interpretations (IFRICs) issued by the International Accounting Standards Board (IASB) endorsed by the UK Endorsement Board (UKEB) and effective as at 1 January 2025. The presentation applied in the period is consistent with the presentation applied in the 31 December 2024 audited annual financial statements.

The Group is required under the Building Societies Act 1986 to apply 'UK-adopted international accounting standards' as endorsed by the UKEB. The condensed interim financial statements have therefore been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Pounds sterling is both the functional currency of the YBS Group and the presentation currency applied to these financial statements. Except where otherwise stated, all figures in the financial statements are presented in round hundreds of thousands of pounds sterling (£0.0 million).

The Group operates solely within the retail financial services sector and within the United Kingdom. As such, no segmental analysis is presented.

During the half-year to 30 June 2025 there have been no changes to the composition of the Group. The condensed interim financial statements have been subject to a review and have not been audited.

Accounting developments

The information on future accounting developments and their potential effect on the financial statements are provided on page 137 of the 2024 Annual Report and Accounts.

Going concern

The YBS Board of Directors undertake regular assessments of whether the Group is a going concern in light of changing economic and market conditions, using all available information about future risks and uncertainties. Details of the review undertaken to support the 31 December 2024 financial statements are given on pages 136 of the 2024 Annual Report and Accounts.

The directors confirm that, based on the most recent Internal Capital Adequacy Assessment Process (ICAAP) review, approved by the Board in July 2025, the Group holds sufficient resources to continue operating for at least 12 months from the date of the approval of this report. Accordingly, they continue to adopt the going concern basis in preparing these condensed interim financial statements.

2. Critical accounting judgements and key sources of estimation uncertainty

In applying its accounting policies, the Group makes judgements that have a significant impact on the amounts recognised in the financial statements.

In addition, estimates and assumptions are used that could affect the reported amounts of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below.

Impairment of loans and advances to customers

The impairment calculation of expected credit losses (ECL) for a portfolio of mortgage loans is inherently uncertain. ECL are calculated using historical default and loss experience but require judgement to be applied in predicting future economic conditions (e.g. interest rates and house prices) and customer behaviour (e.g. default rates). The most critical judgements that lead to estimation uncertainty are as follows:

Economic scenario and weightings

A forum, supported by Finance, Credit Risk, Balance Sheet Management and economic experts considers the forward-looking macroeconomic assumptions with the objective of developing internally coherent economic scenarios to propose to the Group Asset and Liability Committee (ALCO) for challenge and approval. ALCO ensures that the ECL meets the requirement for unbiased and weighted amounts derived by evaluating a range of possible outcomes and assumptions, or economic scenarios.

Judgements are made in arriving at the level of each economic variable, such as house price index (HPI) and unemployment, applied in each economic scenario to support the estimate of ECL. ALCO applies judgements to arrive at these assumptions.

The UK economy is experiencing a slowdown in growth, despite a strong performance in the first quarter. The first half of the year has been marked by global uncertainty, driven by ongoing trade tensions, new tariffs, and escalating international conflicts. The labour market is gradually softening – unemployment has been rising steadily since early 2024, while job vacancies have declined. Redundancy rates remain steady, and wage growth appears to be levelling off. Looking ahead, unemployment is projected to rise further, though it is expected to stay within historical ranges.

Inflation remains persistent, with headline rates likely to stay above 3% through the end of 2025, before easing back to target levels by 2027. Given the combination of global instability, a cooling labour market, and sluggish economic growth, the Bank of England is anticipated to continue its cautious approach to interest rate cuts throughout the remainder of the year, despite ongoing inflationary pressures.

Whilst there have been positive aspects to 2025 some uncertainty remains as there are still loans coming to the end of their fixed term that have so far been unaffected by interest rate rises. Management evaluated these uncertainties, with the economic assumptions applied to the ECL model adjusted to reflect any material changes in view of the macro-economic environment. A post model adjustment raised in 2022 has been updated to reflect the risks relating to affordability and the impact of cost-of-living increases on these mortgage customers (see note 8 for more details).

The provision is calculated by applying a range of economic scenarios that are weighted.

The Group continues to apply four economic scenarios. SME judgement is applied in determining the relative weighting of each economic scenario in the ECL estimate, informed both by an assessment of external data and statistical model results.

In terms of sensitivity to changes in key economic variables within the model, the ECL model was run with a 100% weighting applied to the Core scenario, in both Core and Non-Core models. When the HPI forecast was replaced with the respective forecasts from the Downturn and Severe Downturn scenarios ECL, excluding PMAs, increased by £7.5 million and £28.7 million (31 December 2024: £6.8 million and £23.1 million). Below is the percentage change in HPI forecast for both downturn scenarios for the next 5 years in relation to the Core scenario.

	June 2025 Scenario (% change)				
	2025	**2026**	**2027**	**2028**	**2029**
HPI					
Downturn	**(5.5)**	**(8.0)**	**(2.5)**	**(1.8)**	**(1.8)**
Severe	**(11.8)**	**(16.6)**	**(10.6)**	**3.8**	**0.5**
	December 2024 Scenario (% change)				
	2025	2026	2027	2028	2029
HPI					
Downturn	(7.0)	(2.0)	(2.5)	(1.8)	(1.8)
Severe	(17.3)	(12.5)	(4.6)	3.1	(2.5)

3. Interest revenue

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Calculated using the effective interest rate method:			
Loans secured on residential property	**1,013.0**	884.1	1,867.7
Loans secured on commercial property	**21.4**	23.4	46.6
Other interest expense*	**(11.7)**	(24.9)	(41.7)
Liquid assets	**150.7**	147.3	304.5
Debt securities	**146.9**	156.4	319.4
Interest revenue calculated using the effective interest rate method	**1,320.3**	1,186.3	2,496.5
Other:			
Derivatives in hedge relationships	**280.3**	431.4	808.1
Derivatives not included in hedge relationships	**24.1**	40.7	70.1
Investments held at fair value	**0.8**	0.9	1.7
Other interest revenue	**305.2**	473.0	879.9
Total interest revenue	**1,625.5**	1,659.3	3,376.4

* Includes net interest income on clearing collateral agreements.

4. Interest expense

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Shares held by individuals	**937.8**	992.3	2,022.3
Amounts owed to credit institutions	**11.6**	31.1	48.5
Other deposits	**10.1**	11.1	22.5
Debt securities in issue	**86.7**	84.6	174.3
Subordinated liabilities	**35.1**	37.4	74.0
Derivatives in hedge relationships	**98.0**	99.0	193.2
Derivatives not included in hedge relationships	**16.4**	62.7	104.5
Interest expense for leasing arrangements	**0.2**	0.2	0.5
Other interest payable	**–**	0.1	0.1
Total interest expense	**1,195.9**	1,318.5	2,639.9

5. Net (losses)/gains from financial instruments held at fair value

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Derivatives and debt securities not included in hedge relationships	**(12.9)**	(9.9)	16.7
Hedge accounting ineffectiveness	**(15.9)**	17.1	21.2
Equity investments held at fair value	**–**	(0.1)	(1.7)
Net (losses)/gains from financial instruments held at fair value	**(28.8)**	7.1	36.2

Derivatives and hedging

The Society enters into interest rate swaps to hedge their exposure to interest rate risk. All interest rate swaps are transacted for economic hedging purposes, however not all are designated in to accounting hedges. Those interest rate swaps not designated into accounting hedges are recorded at fair value through profit and loss within derivatives and debt securities not included in hedge relationships. This portfolio consists of interest rate swaps that receive fixed cash flows (receive fix) and that pay fixed cash flows (pay fix).

Interest rates used to determine fair values which are linked to BoE base rate have been volatile throughout the first six months of the year, following bank rate cuts, UK economic changes, the USA's tariff announcements and global uncertainty. Although, the Group has seen a gradual decrease in rates over the reporting period.

Hedge accounting ineffectiveness includes the ineffective portion of the accounting hedges and amortisation adjustments relating to the inception and de-designation of these hedges.

Investments held at fair value include the fair value gains and losses on equity shares investment.

6. Impairment of financial assets

The following table splits the income statement impairment of financial assets into those elements impacting the ECL and other items.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Impairment charge on loans and advances to customers	**2.9**	11.2	1.1
Recoveries relating to loans and advances previously written off	**(0.4)**	(0.4)	(0.6)
Impairment release of other financial assets	**(0.5)**	(0.1)	(0.3)
Impairment charge on financial assets	**2.0**	10.7	0.2

7. Tax expense

The Group has an effective tax rate of 26.5%, which is higher than the average UK statutory corporation tax rate of 25.0% for the year. This is mainly due to the effects of the banking surcharge on the taxable profits of the Society.

The Government has enacted legislation to implement the G20-OECD Inclusive Framework Pillar Two rules in the UK, effective for periods starting on or after 1 January 2024. The intention of the legislation is to ensure that UK-headquartered multinational enterprises pay a minimum tax rate of 15% on UK and overseas profits arising after 31 December 2023. The rules include a Qualified Domestic Minimum Top-Up Tax, which aims to ensure that large UK groups pay a minimum tax rate of 15% on their UK profits.

The Group has carried out an assessment of the expected impact of the Pillar Two rules and the tax expense arising from Pillar Two is £nil for the period ended 30 June 2025 and the year ended 31 December 2024.

8. Credit risk on loans and advances to customers

Gross contractual exposure

The table below splits the *loans and advances to customers* balance into its constituent parts and reconciles to the gross exposures used in the Expected Credit Loss (ECL) model.

Effective Interest Rate (EIR) is the measurement method used for financial assets held at amortised cost which spreads income and fees over the life of the asset.

The fair value rate adjustment reflects the market value adjustment on acquired portfolios of mortgage assets in respect of interest rates on the underlying products. This is amortised over the expected life of the acquired portfolio.

The fair value credit adjustment is the fair value discount applied on purchased or originated credit impaired (POCI) mortgage assets acquired as part of the Norwich & Peterborough Building Society (N&P) and Chelsea Building Society (CBS) acquisitions. Impairment represents the difference between the total ECL and the fair value credit adjustment.

ECL is calculated using models that take historical default and loss experience and apply predictions of future economic conditions (e.g. unemployment and house prices) and customer behaviour (e.g. default rates). In certain circumstances, the core models may not fully reflect other factors that could result in a change in credit risk. When this happens, a post model adjustment (PMA) is overlaid to reflect the impact on ECL. The economic scenarios and the PMAs applied at 30 June 2025 are described below.

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Gross contractual exposures	**50,625.3**	48,902.8	49,758.5
EIR and other adjustments	**26.6**	33.6	29.7
Fair value rate adjustment	**(21.0)**	(26.7)	(24.1)
Gross loans and advances to customers	**50,630.9**	48,909.7	49,764.1
Impairment	**(41.5)**	(49.1)	(39.2)
Fair value credit adjustment	**(17.7)**	(20.4)	(19.4)
ECL	**(59.2)**	(69.5)	(58.6)
Loans and advances to customers	**50,571.7**	48,840.2	49,705.5

Analysis of changes in ECL

The following tables analyse the changes in ECL, split by impairment and fair value credit adjustments.

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Opening impairment	**39.2**	37.7	37.7
Amounts written off in the period	**(1.4)**	(0.7)	(1.4)
Discounting recognised in net interest income	**0.8**	0.9	1.8
Charge for the period recognised in the income statement	**2.9**	11.2	1.1
Impairment	**41.5**	49.1	39.2

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Opening fair value credit adjustment	**19.4**	22.3	22.3
Release recognised in the income statement through net interest	**(1.0)**	(1.7)	(2.3)
Amounts written off in the period	**(0.7)**	(0.2)	(0.6)
Fair value credit adjustment	**17.7**	20.4	19.4

8. Credit risk on loans and advances to customers (continued)

Expected Credit Loss (ECL)

Economic Scenarios

Accounting standards require ECL to be calculated by applying multiple economic scenarios. Each economic scenario is provided a weighting, and these are combined to arrive at the total ECL.

These scenarios are generated internally using external data, statistical methodologies and management judgement, to span a range of plausible economic conditions. The Group continues to use four scenarios: an upside scenario that assumes more benign economic conditions; our core or central best estimate scenario; a downturn scenario that assumes more adverse economic conditions; and a more severe downturn scenario.

Scenarios are projected over a 5-year window, reverting to long-term averages past that point. The Group allows all macro-economic scenarios to impact staging.

Current Macroeconomic Conditions

Growth is slowing in the UK economy, despite a strong first quarter. Global uncertainty has dominated the first half of this year, with ongoing trade developments and tariff announcements, and escalation in global conflict. The labour market continues to loosen, albeit gradually. Since the start of 2024, unemployment has been rising steadily, while vacancy levels have declined. Redundancy figures remain stable, and wage growth is showing signs of stabilising. Looking ahead, unemployment is expected to increase but remain within historical norms.

Inflation persistence continues, with headline inflation expected to remain above 3% for the rest of 2025, before returning to target in 2027. The combination of global uncertainty, a slowing labour market and low economic growth mean the Bank of England are expected to continue cutting interest rates gradually for the remainder of the year, despite inflation stubbornness.

Upside

A slower growth forecast, and lower inflation caused by global impact of Trump tariff developments causing trade diversion into UK. As a result, there is a reduced base rate path to reflect possible disinflationary impacts. Domestic inflationary pressures fall quickly, and consumer confidence rises. The BoE note the slowdown of inflation and cut rates to more sustainable levels. Strong consumer confidence and lower interest rates encourage housing market activity and house price growth.

Core

The Core scenario is the Group's best estimate of how the UK economy will evolve and is aligned with the central scenario.

The scenario is broadly the same as previous forecasts, but with slightly less positive GDP and labour market forecasts, to reflect heightened global uncertainty and the potential impacts of ongoing trade developments when compared to 2024. The BoE base rate expectations of only 2 further cuts by the end of 2025 reflects the latest market view. Unemployment peak increased to 5% in 2027 which is in line with the latest BoE forecast. GDP growth is reduced to 0.8% in 2025 and 1.0% in 2026. House prices grow 3% each year throughout the forecast.

Downturn

The nature of this scenario has changed from a 'stagflation' scenario to a 'demand shock' scenario to reflect the evolving global environment. Severity of the scenario has increased, given the increased possibility of a global slowdown. The scenario now includes a UK recession in the second half of 2025, and GDP growth has been downgraded in 2025, 2026 and 2027. The unemployment peak has been increased to 7% and negative house price growth in 2025 and 2026 with gradual recovery in subsequent years. BoE accelerates pace of rate cuts to 2.5% to stimulate economy.

Severe Downturn

The scenario continues to be driven by global conflict, with heightened inflation and interest rates, in line with the recently published BoE stress scenario. A deep recession ensues, with unemployment rising and house prices falling significantly. Whilst the evolving risks are skewing towards a lower rate environment, this scenario remains the most penal from an affordability and credit loss perspective whereas the downside scenario has been modified to capture risks from lower rates.

Macroeconomic variables

The following table shows the values of the key economic variables used by each economic scenario for the period until December 2029. The table includes the three key parameters used to predict probability of default (PD) – unemployment, HPI and Bank of England base rate. GDP is also presented as it is the key input for determining the economic parameters used and provides context to the nature of the overall scenario.

Note that inflation is not a key input parameter into the models and, as such, the risks arising from sharply rising inflation, and the impact this has on customers' ability to meet mortgage repayments, are not directly captured. An Affordability post model adjustment has been raised in response to this limitation to ensure the risk has been assessed and incorporated into the ECL.

8. Credit risk on loans and advances to customers (continued)

Expected Credit Loss (ECL) (continued)

Macroeconomic variables (continued)

	June 2025 Scenario					December 2024 Scenario				
	2025	**2026**	**2027**	**2028**	**2029**	2025	2026	2027	2028	2029
HPI										
Upside	**6.0**	**5.5**	**4.0**	**4.0**	**4.0**	6.0	5.5	4.0	4.0	4.0
Core	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**	3.0	3.0	3.0	3.0	3.0
Downturn	**(2.5)**	**(5.0)**	**0.5**	**1.2**	**1.2**	(4.0)	1.0	0.5	1.2	1.2
Severe Downturn	**(8.8)**	**(13.6)**	**(7.6)**	**6.8**	**3.5**	(14.3)	(9.5)	(1.6)	6.1	0.5
GDP										
Upside	**1.6**	**1.7**	**2.0**	**2.2**	**2.2**	1.9	2.0	2.4	2.2	2.2
Core	**0.8**	**1.0**	**1.5**	**1.5**	**1.5**	1.3	1.5	1.6	1.6	1.7
Downturn	**0.2**	**0.4**	**0.6**	**1.2**	**1.2**	0.5	0.7	1.0	1.2	1.2
Severe Downturn	**(2.5)**	**(2.0)**	**0.5**	**0.8**	**0.8**	(4.5)	(1.5)	0.5	0.8	0.8
Unemployment										
Upside	**4.3**	**4.3**	**4.3**	**4.2**	**4.2**	4.2	4.2	4.2	4.2	4.2
Core	**4.8**	**4.9**	**5.0**	**4.7**	**4.5**	4.6	4.7	4.6	4.5	4.5
Downturn	**5.6**	**7.0**	**6.5**	**5.8**	**5.0**	6.0	5.8	5.5	5.0	4.8
Severe Downturn	**6.6**	**8.5**	**7.6**	**6.7**	**6.5**	8.0	8.4	7.0	6.5	6.0
Bank Rate										
Upside	**3.5**	**3.0**	**3.0**	**3.0**	**3.0**	3.5	3.5	3.5	3.3	3.3
Core	**3.8**	**3.8**	**3.8**	**3.8**	**3.8**	4.0	3.8	3.8	3.8	3.5
Downturn	**3.3**	**2.5**	**2.5**	**3.0**	**3.0**	4.8	4.3	4.3	4.3	4.3
Severe Downturn	**5.8**	**5.5**	**5.0**	**5.0**	**5.0**	6.5	5.5	5.0	5.0	4.5

Weightings

The following table shows the expected credit loss under each of our four economic scenarios along with the weightings that have been applied to arrive at the weighted average ECL. PMAs are calculated using the weighted scenario results and so their sensitivity in each of the individual scenarios cannot be accurately determined. For completeness they have been included as a uniform adjustment across each scenario.

	30 June 2025		31 December 2024	
Scenario	**Weighted %**	**ECL £m**	Weighted %	ECL £m
Upside	**10**	**39.3**	10	39.1
Core	**60**	**41.8**	60	41.4
Downturn	**20**	**87.5**	20	83.7
Severe Downturn	**10**	**127.1**	10	130.2
Probability weighted ECL	**100**	**59.2**	100	58.6

A modelling approach using quantitative analysis is applied to assess the weightings which uses industry-level write-off data to infer the Society's loss rates over the period, as internal loss data is not available to establish a historical loss rate distribution which reflects the nature of our losses (i.e. relatively low losses in 'normal' times but the potential to make more substantial losses in recessionary conditions). An econometric model was developed which could be used to infer future loss rates based on a range of different economic scenarios.

8. Credit risk on loans and advances to customers (continued)

Expected Credit Loss (ECL) (continued)

Weightings (continued)

The loss rates were mapped under each of the IFRS 9 economic scenarios to the historical loss rate distribution and using the distribution-defined probabilities of each loss rate being realised to derive relative likelihoods of each scenario occurring. SME judgment is then applied in the final assessment of weights, informed by assessment of the quantitative analysis/model.

The UK has agreed trade deals with India, the EU and the US, which are all positive for UK GDP. The uncertainty and risks of global slowdown already encapsulated in the scenarios. All of this has been considered and the weightings have been maintained from 31 December 2024.

Despite the positive change to economics the ECL has increased across all scenarios, except for the Severe Downturn. This is because a higher ECL provision is being allocated to each mortgage, due to an increase in risk across the book. The positive changes to the Severe Downturn scenario have more than offset this increase in risk.

Post Model Adjustments

A post model adjustment (PMA) is applied when a change in credit risk is identified that is not effectively captured in the expected credit loss models.

PMAs are reviewed by SMEs throughout the year to determine whether the identified risks are still applicable and whether any new risks have arisen.

The PMAs applied at 30 June 2025 are as follows:

	30 June 2025 £m	31 December 2024 £m
Model Performance	**11.3**	10.6
Affordability	**1.1**	1.2
Other	**0.7**	0.9
Total PMA	**13.1**	12.7

Model Performance

PD Underprediction

The Society's Gen 4 models were first used as the basis of the Society's ECL in 2023. A level of probability of default (PD) underprediction, that was observed within the Gen 3 models, was also seen in the new Gen 4 models. A PMA has been established to adjust the PD estimates used to establish ECLs. Accounts are then re-staged if their revised PD estimate exceeds the significant increase in credit risk (SICR) threshold for the risk grade.

Predictive accuracy monitoring on a perfect foresight basis has been developed by the Society to evaluate the risk. This monitoring has been produced at a product level over a range of outcome periods. The results for each portfolio were evaluated and the need for an adjustment was acknowledged. The under-prediction factors for Prime and BTL have been incorporated into PD estimates by directly uplifting the estimate by the associated under-prediction factor and recalculating staging and ECLs using the adjusted PD value.

The current PMA has been refreshed for half-year to ensure that the model outputs reflect the level of risk experienced.

Sensitivity of Models to Economic Stresses

The PD model has displayed limited sensitivity to the different economic scenarios because of the benign economic conditions in the data period used to develop the model. A narrow range in average PD estimates across the four economic scenarios of differing severity highlighted the model weakness. A PMA has been established to mitigate against the lack of sensitivity in IFRS 9 PDs to economic factors.

The PD Sensitivity PMA remains consistent with 2023 and 2024 reporting, though refreshed for the latest portfolio and economic scenarios.

8. Credit risk on loans and advances to customers (continued)

Expected Credit Loss (ECL) (continued)

Post Model Adjustments (continued)

Affordability

The PMA was established by considering affordability levels of the mortgage book by applying a stress to the monthly expenditure amounts such as increase in outgoings, interest rate changes, cost-of-living challenges and income decreases. These elements are used to identify accounts that would be most vulnerable to stresses and find their mortgage unaffordable. PD allocation of the accounts identified as vulnerable to affordability stresses is uplifted to the equivalent of what they would need to be for the model to assign them to Stage 2 as a result of meeting the SICR criteria.

Further consideration was given to segments of the book that have been under-represented in this assessment and the Group considered whether the coverage in those areas was sufficient. Relative insensitivity to the stresses provided above was found and so additional provision was raised to cover this underestimation.

Since year end, the PMA has been refined and reduced as actual increases in credit risk in relation to affordability have materialised and are being captured within the models or where inflation levels and associated forecasts have moved more favourably in the first half of 2025.

This PMA will be monitored as we progress through the year and will be held until a sufficient reduction in inflation and cost-of-living pressures is observed.

Other

Whilst we incorporate a range of economic assumptions in the scenarios and weightings used to calculate ECL, the approach still has limitations that require a PMA to account for the additional risk. The PMA detailed below aims to cover the Climate risk not currently built into the models.

Climate risk

The Group has assessed the risks associated with climate change, both physical and transitional, in the context of ECL and concluded that the majority of these risks (other than the risks detailed below) do not meet the requirements for recognition as:

- There have been no observed climate related defaults and therefore no identifiable significant increase in credit risks ('SICR');
- and the material transition risks identified are expected to occur over a timescale in excess of the current behavioural life of our portfolio (i.e. the average term before a customer either moves onto an alternative deal or transfers to another provider) and, as such, any potential impact would be against loans yet to be underwritten.

This PMA aims to identify properties which are or will in the near future be at most risk from a climate perspective and assess the additional ECLs that we could expect to incur if material costs/ reductions to the value of security arise from those risks. The four main risks considered are Energy Performance Certificate (EPC) impacts, flood risk, subsidence risk and coastal erosion risk.

A similar approach has been taken within each of these areas where the properties with the very highest risks associated are identified, appropriate adjustments are applied to the valuation of the properties and the impacts of these changes then quantified and held as a PMA. The total PMA held is £0.7 million (31 December 2024: £0.9 million).

8. Credit risk on loans and advances to customers (continued)

Expected Credit Loss (ECL) (continued)

Staging and POCI

The tables below show the staging of loans and advances to customers, including those considered to be purchased or originated credit impaired ('POCI'). The discount on acquisition is recognised in the fair value credit adjustment.

The Group has £270.8 million of POCI loans (31 December 2024: £290.4 million). Of these, 84% (31 December 2024: 84%) are considered performing loans but are not permitted to be reclassified to Stage 1 or 2. Problem loans represent the total of the Group's Stage 3 balances and the non-performing portion of our POCI loans.

Details of the movements in staging are explained in the *Movement analysis* section of this note.

The following table shows the staging split by days overdue.

	30 June 2025		31 December 2024	
	£m	**%**	£m	%
Gross exposures by stage				
Stage 1	**45,208.5**	**89.3**	44,489.2	89.4
Stage 2	**4,598.3**	**9.1**	4,458.8	9.0
Stage 3	**547.7**	**1.1**	520.1	1.0
POCI	**270.8**	**0.5**	290.4	0.6
Total gross exposures	**50,625.3**	**100.0**	49,758.5	100.0
Problem loans (stage 3 plus non-performing POCI)	**591.9**	**1.2**	566.9	1.1
ECL and coverage ratio by stage				
Stage 1	**7.0**	**–**	7.8	–
Stage 2	**25.6**	**0.6**	23.5	0.5
Stage 3	**17.5**	**3.2**	16.7	3.2
POCI	**9.1**	**3.4**	10.6	3.7
Total ECL	**59.2**	**0.1**	58.6	0.1

	Gross exposure		**ECL**	
	30 June 2025	31 December 2024	**30 June 2025**	31 December 2024
	£m	£m	**£m**	£m
Stage 1	**45,208.5**	44,489.2	**7.0**	7.8
Stage 2:	**4,598.3**	4,458.8	**25.6**	23.5
Less than 30 days past due	**4,375.2**	4,279.8	**21.3**	20.9
More than 30 days past due	**223.1**	179.0	**4.3**	2.6
Stage 3:	**547.7**	520.1	**17.5**	16.7
Less than 30 days past due	**246.8**	234.7	**2.8**	3.1
30-90 days past due	**110.5**	96.4	**1.8**	1.3
More than 90 days past due	**190.4**	189.0	**12.9**	12.3
POCI:	**270.8**	290.4	**9.1**	10.6
Less than 30 days past due	**236.1**	254.5	**7.0**	8.0
30-90 days past due	**20.4**	20.5	**1.0**	1.2
More than 90 days past due	**14.3**	15.4	**1.1**	1.4
Total	**50,625.3**	49,758.5	**59.2**	58.6

All accounts in stage 1 are less than 30 days past due.

8. Credit risk on loans and advances to customers (continued)

Risk assessment

The following tables are included to give an overview of the Group's credit risk.

Lending by Risk Grade

The risk models cover the majority of loans underwritten by the Group, with exceptions for portfolios subject to bespoke modelling requirements, mainly Accord Mortgages Limited buy-to-let (Accord BTL), commercial lending and POCI accounts. The Accord BTL population currently has very strict underwriting criteria and limited behavioural history. Commercial lending has significantly different behavioural characteristics to the retail mortgages.

Gross exposures in the table below are presented pre PMAs being applied.

	30 June 2025						31 December 2024	
	Gross exposure					ECL	Gross exposure	ECL
Probability of default range	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m	£m	£m	£m
0.00%–<0.15%	**28,349.5**	**1,359.5**	**–**	**–**	**29,709.0**	**0.7**	29,258.4	0.8
0.15%–<0.25%	**4,566.2**	**256.4**	**–**	**–**	**4,822.6**	**0.5**	4,703.9	0.5
0.25%–<0.50%	**1,392.7**	**124.5**	**–**	**–**	**1,517.2**	**0.3**	1,531.7	0.3
0.50%–<0.75%	**869.7**	**147.6**	**–**	**–**	**1,017.3**	**0.3**	1,021.6	0.3
0.75%–<1.00%	**776.6**	**309.1**	**–**	**–**	**1,085.7**	**0.5**	1,042.5	0.5
1.00%–<2.50%	**333.6**	**1,169.3**	**–**	**–**	**1,502.9**	**2.8**	1,396.2	2.7
2.50%–<10.0%	**21.0**	**351.4**	**–**	**–**	**372.4**	**2.5**	364.3	2.4
10.0%–<100%	**16.2**	**211.1**	**–**	**–**	**227.3**	**3.2**	173.2	2.5
Default	**–**	**–**	**532.8**	**37.2**	**570.0**	**18.1**	541.1	17.2
Accord buy-to-let	**6,648.2**	**446.9**	**10.9**	**–**	**7,106.0**	**4.4**	7,159.6	4.8
Commercial	**2,143.2**	**201.9**	**4.0**	**6.9**	**2,356.0**	**5.9**	2,205.8	7.4
Other	**91.6**	**20.6**	**–**	**226.7**	**338.9**	**6.9**	360.2	7.9
PMAs	**–**	**–**	**–**	**–**	**–**	**13.1**	–	11.3
Total	**45,208.5**	**4,598.3**	**547.7**	**270.8**	**50,625.3**	**59.2**	49,758.5	58.6

8. Credit risk on loans and advances to customers (continued)

Risk assessment (continued)

Lending by origination year

Origination year	30 June 2025 Gross exposure Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m	ECL £m	31 December 2024 Gross exposure £m	ECL £m
2025	**3,474.4**	**172.2**	**8.0**	**–**	**3,654.6**	**1.5**	–	–
2024	**8,562.3**	**594.1**	**33.9**	**–**	**9,190.3**	**6.6**	9,501.2	4.6
2023	**7,353.8**	**644.8**	**55.0**	**–**	**8,053.6**	**9.2**	8,542.4	7.3
2022	**7,224.7**	**617.8**	**54.3**	**–**	**7,896.8**	**7.6**	8,191.6	7.3
2013 – 2021	**16,921.3**	**1,803.1**	**218.4**	**–**	**18,942.8**	**14.9**	20,404.7	17.8
2009 – 2012	**600.3**	**71.6**	**9.3**	**–**	**681.2**	**0.4**	735.8	0.3
Pre-2009	**500.4**	**431.0**	**102.2**	**–**	**1,033.6**	**3.2**	1,115.6	3.8
Acquired loans	**571.3**	**263.7**	**66.6**	**270.8**	**1,172.4**	**15.8**	1,267.2	17.5
Total	**45,208.5**	**4,598.3**	**547.7**	**270.8**	**50,625.3**	**59.2**	49,758.5	58.6

Lending by Loan to value

Loan to value	30 June 2025 Gross exposure Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m	31 December 2024 Gross exposure £m
Less than 60%	**19,267.8**	**3,439.4**	**322.9**	**242.3**	**23,272.4**	22,403.3
60% to 75%	**14,219.2**	**688.1**	**135.3**	**21.4**	**15,064.0**	14,889.3
75% to 90%	**10,706.5**	**429.7**	**81.2**	**4.0**	**11,221.4**	10,836.7
90% or greater	**1,015.0**	**41.1**	**8.3**	**3.1**	**1,067.5**	1,629.2
Total	**45,208.5**	**4,598.3**	**547.7**	**270.8**	**50,625.3**	49,758.5
Average LTV (%)	**51.6**	**39.7**	**44.1**	**37.5**	**50.5**	51.0

8. Credit risk on loans and advances to customers (continued)

Movement analysis

The following table details the movement in the gross exposures and ECL from the beginning to the end of the reporting period split by stage.

Mortgage balances in Stage 2 have increased by £139.5 million across 2025, and the ECL associated with loans moving from Stage 1 to Stage 2 has increased by £4.0 million. This is due to the type of mortgages that are transferring between stages. £2,551.3 million of loans have moved into Stage 2 from Stage 1 and are primarily newer lending, with longer terms and higher LTVs. These factors lead to a higher calculated ECL. The total mortgage balance coming out of Stage 2 into Stage 1 is £433.7 million, these mortgages are generally much lower risk, lower LTV and shorter-term with lower ECLs, shown by the £2.8 million reduction in ECL.

	Stage 1 £m	Stage 2 £m	Stage 3 £m	POCI £m	Total £m
Gross exposure at 31 December 2024	**44,489.2**	**4,458.8**	**520.1**	**290.4**	**49,758.5**
Transfers from stage 1 to 2	**(2,551.3)**	**2,551.3**	**–**	**–**	**–**
Transfers from stage 1 to 3	**(46.4)**	**–**	**46.4**	**–**	**–**
Transfers from stage 2 to 1	**433.7**	**(433.7)**	**–**	**–**	**–**
Transfers from stage 2 to 3	**–**	**(74.8)**	**74.8**	**–**	**–**
Transfers from stage 3 to 1	**12.7**	**–**	**(12.7)**	**–**	**–**
Transfers from stage 3 to 2	**–**	**35.5**	**(35.5)**	**–**	**–**
Changes to carrying value	**1,184.0**	**(1,830.7)**	**3.2**	**(5.0)**	**(648.5)**
New financial assets originated or purchased	**3,557.6**	**–**	**–**	**–**	**3,557.6**
Financial assets derecognised during the period	**(1,871.0)**	**(108.1)**	**(42.7)**	**(13.5)**	**(2,035.3)**
Write-offs	**–**	**–**	**(5.9)**	**(1.1)**	**(7.0)**
Gross exposure at 30 June 2025	**45,208.5**	**4,598.3**	**547.7**	**270.8**	**50,625.3**
ECL at 31 December 2024	**7.8**	**23.5**	**16.7**	**10.6**	**58.6**
Transfers from stage 1 to 2	**(0.2)**	**4.8**	**–**	**–**	**4.6**
Transfers from stage 1 to 3	**–**	**–**	**1.5**	**–**	**1.5**
Transfers from stage 2 to 1	**0.1**	**(2.8)**	**–**	**–**	**(2.7)**
Transfers from stage 2 to 3	**–**	**(1.0)**	**2.5**	**–**	**1.5**
Transfers from stage 3 to 1	**–**	**–**	**(0.3)**	**–**	**(0.3)**
Transfers from stage 3 to 2	**–**	**0.2**	**(0.4)**	**–**	**(0.2)**
Changes in PDs/LGDs/EADs	**(1.5)**	**0.9**	**1.4**	**(0.8)**	**–**
New financial assets originated or purchased	**1.0**	**–**	**–**	**–**	**1.0**
Changes to model assumptions and methodologies	**(0.1)**	**0.3**	**(0.4)**	**–**	**(0.2)**
Unwind of discount	**–**	**–**	**0.4**	**0.2**	**0.6**
Financial assets derecognised during the period	**(0.1)**	**(0.8)**	**(2.0)**	**(0.7)**	**(3.6)**
Write-offs	**–**	**–**	**(1.8)**	**(0.2)**	**(2.0)**
PMA	**–**	**0.5**	**(0.1)**	**–**	**0.4**
ECL at 30 June 2025	**7.0**	**25.6**	**17.5**	**9.1**	**59.2**

8. Credit risk on loans and advances to customers (continued)

Loans Purchased or Originated Credit Impaired (POCI)

The table below shows the status of the Group's POCI loans. A substantial proportion of POCI balances, were they not required to be classified as Stage 3 by accounting standards, would transfer to other stages. The table below shows that 67.5% (31 December 2024: 67.5%) of balances have been fully up to date for the last 24 months and only 16.3% (31 December 2024: 16.1%) of balances would be classified as in default.

	Up to date for the last 24 months £m	Some arrears in the last 24 months £m	Meets definition of default £m	Total £m
At 30 June 2025				
Gross exposure	**182.9**	**43.7**	**44.2**	**270.8**
ECL	**4.5**	**2.6**	**2.0**	**9.1**
At 31 December 2024				
Gross exposure	195.9	47.7	46.8	290.4
ECL	5.6	2.7	2.3	10.6

9. Retirement benefit obligations

Reconciliation of funded defined benefit scheme

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Present value of defined benefit obligation	**(500.7)**	(532.7)	(509.3)
Assets at fair value	**528.8**	573.0	542.3
Funded defined benefit asset	**28.1**	40.3	33.0

Unfunded defined benefit scheme

	30 June 2025 £m	30 June 2024 £m	31 December 2024 £m
Present value of unfunded defined benefit scheme	**(7.1)**	(7.6)	(7.4)

The present value at 30 June 2025 of the unfunded defined benefit scheme was £7.1 million (31 December 2024: £7.4 million) and the relevant disclosures have been separated from those of the main employee benefits scheme where appropriate.

The present value of the defined benefit obligation as at 30 June 2025 has been calculated using assumptions that are derived consistently with those used for the 31 December 2024 year end, allowing for updated market conditions.

Liabilities have decreased as a result of corporate bond yields increasing due to persistent inflation and high borrowing costs, which has subsequently increased the discount rate. Future long-term expectations of inflation have decreased slightly.

Asset returns over the first half of the year have been less than the discount rate. The overall surplus has decreased by £4.6 million since 31 December 2024, due to both the assets and liabilities reducing as yields have risen, with assets falling to a larger degree than the liabilities.

9. Retirement benefit obligations (continued)

Summary of assumptions

	30 June 2025 % pa	31 December 2024 % pa
Retail prices index (RPI) inflation	**3.1**	3.3
Consumer price index (CPI) inflation	**2.5**	2.7
Discount rate	**5.6**	5.5
Salary increases	**3.8**	3.9

10. Related parties

During the six months ended 30 June 2025, mortgage lending to key management personnel and their close family members was conducted in the ordinary course of business and on standard commercial terms. One such loan was completed during the period.

The outstanding balance as at 30 June 2025 was £499k (31 December 2024: £nil). Interest paid and received by key management personnel and their close family members was in line with rates available to all members.

Fees and commissions were paid by key management personnel or their close family members during the period, on the same terms and conditions applicable to members and other employees.

There have been no material changes to related parties or related party transactions in respect of deposits since the year end. Further details can be found on pages 213 to 214 of the 2024 Annual Report and Accounts.

11. Notes to the consolidated statement of cash flows

	Half-year to 30 June 2025 £m	Half-year to 30 June 2024 £m	Year to 31 December 2024 £m
Non-cash or non-operating items included in profit before tax:			
Depreciation and amortisation	**7.3**	10.0	23.7
Profit/loss on sale of assets	**(0.3)**	0.3	–
Interest on subordinated liabilities	**1.7**	37.4	76.7
Impairment charge for the year	**2.0**	10.7	0.2
Provisions charge/(release)	**0.2**	(0.2)	1.3
Non-cash movement in subordinated liabilities	**62.0**	5.9	(25.8)
(Gain)/loss on realisation of debt securities	**(0.9)**	0.1	1.5
Non-cash or non-operating items included in profit before tax	**72.0**	64.2	77.6
(Increase)/decrease in operating assets:			
Change in loans and advances to customers and related fair value adjustments for hedged risk, excluding impairment	**(1,259.2)**	(1,960.6)	(3,050.6)
Derivative financial assets	**535.8**	(38.1)	297.3
Decrease in cash ratio deposit, other assets and non-OCI element of retirement benefit surplus	**3.4**	176.5	176.0
Net increase in operating assets	**(720.0)**	(1,822.2)	(2,577.3)
Increase/(decrease) in operating liabilities:			
Shares and related fair value adjustments for hedged risk	**(232.9)**	2,580.9	4,988.7
Amounts owed to credit institutions	**(216.1)**	(1.2)	(717.4)
Non cash movements on debt securities	**109.6**	(56.3)	(14.3)
Other deposits	**232.9**	217.8	213.2
Derivative financial liabilities	**(121.9)**	(19.9)	(141.6)
Cash movements in other liabilities and provisions	**7.2**	(1.8)	5.9
Net (decrease)/increase in operating liabilities	**(221.2)**	2,719.5	4,334.5

11. Notes to the consolidated statement of cash flows (continued)

The following tables reconcile liabilities arising from financing activities.

Liabilities from financing activities	Brought forward	Cash flows		Non-cash changes caused by:			Carried forward
		Redemption	Issue	Foreign exchange	Accrued interest	Fair value adjustments	
	£m	£m	£m	£m	£m	£m	£m
Period to 30 June 2025							
Debt securities in issue	5,019.3	**(82.5)**	**507.6**	**79.3**	**(7.0)**	**37.3**	**5,554.0**
Subordinated liabilities	1,453.3	**(25.6)**	**–**	**–**	**33.2**	**28.8**	**1,489.7**
Total	6,472.6	**(108.1)**	**507.6**	**79.3**	**26.2**	**66.1**	**7,043.7**
Period to 30 June 2024							
Debt securities in issue	4,919.4	(1,006.4)	1,178.6	(55.7)	(1.7)	1.1	5,035.3
Subordinated liabilities	1,621.7	(142.5)	–	–	31.1	(25.2)	1,485.1
Total	6,541.1	(1,148.9)	1,178.6	(55.7)	29.4	(24.1)	6,520.4
Year to 31 December 2024							
Debt securities in issue	4,919.4	(1,429.4)	1,543.6	(104.7)	5.9	84.5	5,019.3
Subordinated liabilities	1,621.7	(142.6)	–	–	(3.0)	(22.8)	1,453.3
Total	6,541.1	(1,572.0)	1,543.6	(104.7)	2.9	61.7	6,472.6

12. Fair values

Fair value is the price that would be paid upon the purchase of an asset or received upon the sale of a liability in an arm's length transaction between two entities at a specific measurement date.

Where external market prices are available these are used to determine the fair value. When these are not available, internal pricing models using external market data are used. The following hierarchy is used when measuring fair value:

- Level 1: Quoted prices are available for identical assets or liabilities in active markets, these are unadjusted.
- Level 2: Significant inputs to the calculated fair values are taken from observable market data, other than those in Level 1. This may include direct inputs (i.e. prices) or indirect inputs (i.e. derived from prices).
- Level 3: Fair value is derived from non-observable inputs and not solely based on external market data.

The table below summarises the carrying value and fair value of financial assets and liabilities measured at amortised cost as at the Balance Sheet date.

Held at amortised cost		**Carrying value £m**	**Level 1 £m**	**Fair values Level 2 £m**	**Level 3 £m**	**Total fair value £m**
30 June 2025						
Assets						
Loans and advances to credit institutions	**1**	**651.0**	**–**	**651.0**	**–**	**651.0**
Loans and advances to customers	**2**	**50,571.7**	**–**	**–**	**50,364.6**	**50,364.6**
Debt securities – amortised cost		**581.6**	**581.0**	**–**	**–**	**581.0**
Liabilities						
Shares	**3**	**51,769.4**	**–**	**51,723.2**	**–**	**51,723.2**
Amounts owed to credit institutions		**952.8**	**–**	**952.8**	**–**	**952.8**
Other deposits		**1,429.7**	**–**	**1,429.7**	**–**	**1,429.7**
Debt securities in issue		**5,554.0**	**4,830.8**	**724.4**	**–**	**5,555.2**
Subordinated liabilities	**4**	**1,489.7**	**1,516.9**	**–**	**–**	**1,516.9**
30 June 2024						
Assets						
Loans and advances to credit institutions	1	568.9	–	568.9	–	568.9
Loans and advances to customers	2	48,840.2	–	–	47,586.8	47,586.8
Debt securities – amortised cost		2,091.7	2,086.8	–	–	2,086.8
Liabilities						
Shares	3	49,637.6	–	49,745.8	–	49,745.8
Amounts owed to credit institutions		1,885.1	–	1,885.1	–	1,885.1
Other deposits		1,201.4	–	1,201.4	–	1,201.4
Debt securities in issue		5,035.3	4,471.9	584.2	–	5,056.1
Subordinated liabilities	4	1,485.1	1,476.5	27.6	–	1,504.1

12. Fair values (continued)

Held at amortised cost		Carrying value £m	Fair values Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
31 December 2024						
Assets						
Loans and advances to credit institutions	1	590.0	–	590.0	–	590.0
Loans and advances to customers	2	49,705.5	–	–	49,119.8	49,119.8
Debt securities – amortised cost		1,091.1	1,094.2	–	–	1,094.2
Liabilities						
Shares	3	52,044.4	–	51,938.3	–	51,938.3
Amounts owed to credit institutions		1,168.9	–	1,168.9	–	1,168.9
Other deposits		1,196.8	–	1,196.8	–	1,196.8
Debt securities in issue		5,019.3	4,218.8	806.8	–	5,025.6
Subordinated liabilities	4	1,453.3	1,464.6	26.8	–	1,491.4

1. The fair values of all cash in hand, balances with the Bank of England and loans and advances to credit institutions have been measured at par as they are all due in under one year.
2. The fair value of loans and advances to customers is assessed as the value of the expected future cash flows. Future cash flows are projected using contractual interest payments, contractual repayments and the expected prepayment behaviour of borrowers. The resulting expected future cash flows are discounted at current market rates to determine fair value.

   For standard variable rate mortgage products, the interest rate on such products is equivalent to a current market product rate and as such the Group considers the fair value of these mortgages to be equal to their carrying value. Fixed rate mortgages have been discounted using current market product rates. The difference between book carrying value and fair value results from market rate volatility relative to the fixed rate at inception of the loan; in addition to assumptions applied in relation to redemption profiles, which are regularly reviewed and updated where necessary.

   As these redemption profiles are not considered to be observable by the market, then the fair value of loans and advances to customers continues to be a Level 3 valuation technique. Overall, the fair value is lower than the carrying value by £207.1 million (31 December 2024: £585.7 million lower), which arises primarily due to the fair value losses being calculated on a lifetime basis for all mortgage accounts.
3. All the Group’s non-derivative financial liabilities are initially recorded at fair value less directly attributable costs and are subsequently measured at amortised cost. The only exception is where an adjustment is made to certain fixed rate shares balances that are in hedging relationships. The fair value of shares and deposits that are available on demand approximates to the carrying value. The fair value of fixed term shares and deposits is determined from the projected future cash flows from those deposits, discounted at the current market rates. In 2025, the estimated fair value of share balances, using a Level 2 method, is lower than the carrying value by £46.2 million (31 December 2024: £106.1 million lower).
4. The Group's accounts include some subordinated liabilities classified as Level 2 as fair values are calculated using a method based on observable market prices. The fair value of subordinated liabilities, which is a fixed rate product, is lower than the carrying value due to the volatility in market rates over the course of the year.
5. The Group's accounts include investments in controlled entities and amounts owed to subsidiary undertakings, for which the carrying value is deemed a reasonable approximation of fair value.

12. Fair values (continued)

The table below classifies all financial instruments held at fair value according to the method used to establish the fair value.

Held at fair value	Fair values Level 1 £m	 Level 2 £m	 Level 3 £m	Total fair value £m
30 June 2025				
Debt securities – fair value through income statement	**28.5**	**–**	**–**	**28.5**
Debt securities – fair value through other comprehensive income	**6,612.1**	**–**	**–**	**6,612.1**
Derivative financial assets	**–**	**931.1**	**–**	**931.1**
Investments	**–**	**–**	**1.6**	**1.6**
Derivative financial liabilities	**–**	**433.9**	**–**	**433.9**
30 June 2024				
Debt securities – fair value through income statement	27.3	–	–	27.3
Debt securities – fair value through other comprehensive income	5,745.3	–	–	5,745.3
Derivative financial assets	–	1,790.1	2.9	1,793.0
Investments	–	–	3.2	3.2
Derivative financial liabilities	–	677.5	–	677.5
31 December 2024				
Debt securities – fair value through income statement	27.6	–	–	27.6
Debt securities – fair value through other comprehensive income	7,302.6	–	–	7,302.6
Derivative financial assets	–	1,466.0	0.9	1,466.9
Investments	–	–	1.6	1.6
Derivative financial liabilities	–	555.8	–	555.8

The Group's Level 1 portfolio of fair value through income statement and fair value through other comprehensive income debt securities comprises liquid securities for which traded prices are readily available.

Derivative financial instruments are included within Level 2 as fair values are derived from discounted cash flow models using yield curves based on observable market data.

Level 3 instruments

Investments classified in Level 3 relate to the Group's holding in equity preference shares. These shares are convertible into common equity shares at various intervals during the life of the instrument. This is based on a conversion factor set by the issuer. The valuation method therefore uses the quoted share price of the unrestricted stock as a base, applies the current estimated conversion factor as advised by the issuer and applies a discount.

This discount reflects the current illiquidity of the instrument and the risks to changes in the conversion factor between the balance sheet date and the next conversion date. Whilst the valuation is primarily based on an observable market price, the level and significance of the unobservable input relating to the calculation of the discount moves this asset into Level 3.

Changes in the carrying value of Level 3 financial instruments in the period relate to the redemption of a derivative financial instrument and changes in fair value. There have been no changes in methodology, additions or transfers in or out of Level 3 in the year.

13. Events occurring after the end of the reporting period

There have been no material post balance sheet events between 30 June 2025 and the approval of the condensed interim financial statements.

Responsibility Statements

The directors confirm, to the best of their knowledge:

- the condensed set of financial statements have been prepared in accordance with UK-adopted International Accounting Standard 34 *Interim Financial Reporting;* and
- the condensed set of financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Yorkshire Building Society and its controlled entities ("the Group"); and
- the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year).

By order of the Board

Susan Allen, OBE
Chief Executive Officer
23 July 2025

Tom Ranger
Chief Financial Officer

Independent review report to Yorkshire Building Society

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Yorkshire Building Society's condensed consolidated interim financial statements (the "interim financial statements") in the Half-Yearly Financial Report of Yorkshire Building Society for the 6 month period ended 30 June 2025 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Consolidated Balance Sheet as at 30 June 2025;
- the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period then ended;
- the Consolidated Statement of Cash Flows for the period then ended;
- the Consolidated Statement of Changes in Members' Interest and Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half-Yearly Financial Report of Yorkshire Building Society have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half-Yearly Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Independent review report to Yorkshire Building Society

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half-Yearly Financial Report, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half-Yearly Financial Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half-Yearly Financial Report, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half-Yearly Financial Report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the Society for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
Leeds

23 July 2025

Other information

The information set out in this document is unaudited and does not constitute accounts within the meaning of section 73 of the *Building Societies Act 1986*. The financial information for the year ended 31 December 2024 has been extracted from the audited Annual Accounts for that year. The Annual Accounts for the year ended 31 December 2024 have been filed with the Financial Conduct Authority.

The Auditor's report on the Annual Accounts was unqualified and did not include any matters to which the Auditor drew attention by way of emphasis without qualifying their report.

A copy of the Half-Yearly Financial Report is placed on Yorkshire Building Society's website. The directors are responsible for the maintenance and integrity of the information on the website. Information published on the internet is accessible in many countries with different legal requirements. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.