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Yorkshire Building Society
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Yorkshire Building Society

Half-Yearly Financial Report 30 June 2026

Interim Management Report

Performance at a glance

Being the number one choice for savers

How we're delivering long-term value for our savers.

Average savings rate differential[1]	Savings accounts opened	Savings balance market share[2]	Growth in savings balances	Average savings rate paid[3]
0.54pp higher than the market	**288,000**	**2.4%**	**0.9%**	**3.34%**
0.62pp higher over 2025	288,000 30 June 2025	2.4% 31 December 2025	-0.3% 30 June 2025	3.66% over 2025
This shows how much higher the rates we paid our customers were compared to the rest of the market average.	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 represents the growth in our overall savings balances over the period.	This shows the benefit we are giving back to our members.

Real Help with Real Life

How we're delivering on our Purpose to make good homes possible for more people.

Gross lending	Gross mortgage lending market share[4]	Growth in mortgage balances[5]	New residential mortgages provided	First-time buyer mortgages provided
£4.6bn	**3.1%**	**0.8%**	**19,300**	**5,600**
£4.3bn 30 June 2025	3.3% 31 December 2025	1.7% 30 June 2025	18,000 30 June 2025	4,500 30 June 2025
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.	The number of new residential mortgages advanced in the period, for first-time buyers.

1 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 2026 (latest data available). Comparative period: January - December 2025.

2 Source: YBS analysis of BSA Household savings. Data period: January - May 2026.

3 Source: CACI's Current Account and Savings Database (CSDB), Stock. Data period January - May 2026.

4 Based on Bank of England total industry gross lending. Data period January - May 2026.

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

Growing sustainably

How we're staying financially strong.

Statutory profit before tax	Core operating profit[6]	Cost to core income ratio[6]	Common Equity Tier 1 ratio	Leverage ratio
£181.9m	**£175.0m**	**51.0%**	**19.2%**	**7.1%**
£187.9m 30 June 2025	£215.4m 30 June 2025	47.8% 30 June 2025	18.8% 31 December 2025	7.0% 31 December 2025

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 core income.	Maintaining this ratio above a certain minimum helps to protect the Society against unexpected losses.	This ratio highlights the capital we hold compared to our assets, showing our ability to cope with unexpected events.

Liquidity coverage ratio	Net Promoter Score (NPS®)[7]
243.3%	**+60**
238.7% 31 December 2025	+66 in 2025
A liquidity metric which aims to ensure that an adequate level of liquidity is maintained to meet a severe, 30-day stress scenario.	This measures how willing our customers are to recommend us to others.

More detail on business performance can be found in the Business Highlights on page 7.

6 Definitions of alternative performance measures are provided in the glossary for the 2025 Annual Report and Accounts.

7 Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January - June 2026, based on 8,280 responses.

Introduction from the Chief Executive

I am pleased to present Yorkshire Building Society's Half-Yearly Financial Report for the first six months of 2026.

The first half of 2026 has been another period of change for households across the UK. While inflation and mortgage rates have remained relatively high, many of our members continue to carefully manage their finances against a background of ongoing global instability and ongoing cost-of-living pressures.

Throughout this period, Yorkshire Building Society has remained focused on our Purpose of providing Real Help with Real Life. We continue to support our members with competitive savings products, responsible mortgage lending, and the personal service they value from a mutual organisation.

We have made a solid start to the year, increasing our savings and mortgage balances despite a challenging backdrop of swap rate volatility and heightened competition.

How we responded to the market volatility has led to some sharp increases in demand for our savings and mortgage products at points during the year. For example, in March we recorded the busiest day for mortgage applications in our history.

This impacted net promoter score (NPS®) which reduced from 66 to 60 during the period. As YBS continued to support members and provide access to lending, including for customer segments that are often less well served by the wider market, service volumes increased and placed pressure on customer journeys, contributing to the reduction in NPS®. I am particularly proud of how our colleagues have responded while managing these record volumes.

Guided by our Purpose

Our Purpose - Real Help with Real Life - remains the foundation of everything we do. It reflects the power of our mutual model: members coming together to make good homes possible for more people. This shared Purpose is a big part of what makes the Society so special.

Having sharpened our Purpose last year, in 2026 our focus is on delivery - ensuring it shapes our decisions, guides our priorities and translates into meaningful impact for our members.

Our direction is clear and we are committed to increasing impact, ensuring our products and services meet changing customer needs and delivering experiences our members notice and value.

Becoming the number one choice for savers

Our Purpose starts with our savers.

In the first six months of the year, we opened 288,000 new accounts and continued our track record - spanning more than a decade - of our rates outperforming the market average. On average, in 2026 our rates have been nearly 20% above the market, meaning our members' money is working harder for them. Members earned an additional £115.4m in interest in the first five months of the year alone[8]. Our shares balances have grown to £53.3bn (31 December 2025: £52.9bn).

We want to be the first choice for savers by consistently providing long-term value, rewarding members' loyalty with exclusive rates on selected accounts and making it easier for people to manage their money online and in our app.

In the first six months of 2026 we have:

- Launched new savings products with competitive returns and increased rates on selected existing accounts, to help members' money go further.

- Delivered a strong ISA season, with 140,000 new accounts opened - three quarters through digital channels.
- Continued to support customers to build financial resilience through purposeful propositions, like our First Home Saver and our Christmas Regular Saver, with nearly 19,000 accounts opened.
- Expanded digital capability, with nearly 7,000 members now using the new Monthly Auto Saver feature in our app, which makes regular saving simple, secure and automatic.
- Strengthened fraud prevention and security, enhancing protection for our members.
- Spoken up for our savers, highlighting the need to review the Personal Savings Allowance, which has been frozen for 10 years and is now pulling millions of ordinary savers into paying tax on their hard-earned interest.
- Reached more than £3m in member savings on home and life insurance premiums by not taking commission from insurance referrals, unlike most other providers[9].

8 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 2026 (latest data available)

9 Data period November 2024 to end of May 2026

Making good homes possible for more people

During the first half of 2026 the UK mortgage market has been subdued and conditions challenging, particularly as swap rates have risen sharply. Despite this, our strong propositions and focus on sustainable growth have delivered gross lending of £4.6bn (2025 H1: £4.3bn), with 19,300 new residential mortgages, of which more than a quarter went to first-time buyers.

We remain committed to supporting home ownership responsibly and addressing barriers across the housing market. Alongside providing free, personalised mortgage support, we are expanding access through innovation. This includes the launch of our Mortgage Booster in April, enabling family members to support affordability.

In the first six months of 2026 we have also:

- Introduced new app features - like the ability to check balances and product end dates - used by more than 15,000 customers so far.
- Strengthened our partnership with Snugg, with 2,700 customers now benefiting from free, tailored energy efficiency advice.
- Received national recognition for service excellence within YBS Commercial Mortgages[10], after reducing response times and creating faster, smoother journeys for brokers and customers.
- Supported responsible landlords through Accord Mortgages increasing its buy-to-let maximum loan.

Beyond our products and services, we continue to lead conversations about the challenges in the housing market, speaking up for homeowners and those who want to buy, especially first-time buyers. We published important new research on barriers and blockages within the housing ladder[11] and are campaigning for action on challenges like affordability, saving for a deposit and the supply of suitable homes.

Supporting the communities we serve

Being a member of Yorkshire Building Society means being part of something bigger. As well as helping people have good homes, our members are supporting communities across the UK.

- In its first year, Yorkshire Building Society Charitable Foundation's Building Bradford Skills Fund has helped over 1,100 people improve their employability, with 77 moving into work. Through four community partners, the £1m initiative is already delivering measurable impact by tackling local barriers to employment.
- We are working with Yorkshire Wildlife Trust to map and enhance biodiversity across seven hectares of woodland at our Bradford headquarters, in recognition of the role nature plays in protecting homes and communities. The survey will assess habitats and identify opportunities to support nature recovery in this urban green corridor.
- In June more than 200 of our brilliant colleagues climbed Snowdon - at night! While reaching the summit, they also helped us reach our target of raising £1million to support Building Skills for the Future - The Felix Project & FareShare's employability programme which has so far supported more than 2,300 people, with 183 going on to secure work.
- Our Small Change Big Difference scheme lets our members donate the pence of interest from their accounts, enabling the Yorkshire Building Society Charitable Foundation to grant more than £200,000 to community organisations in the first six months of 2026 alone.

A modern mutual

Here for more than 160 years, we are proud to be a modern mutual, owned and trusted by our members, with no external shareholders. Through uncertain times, we provide stability and support our customers can rely on, and a clear focus on providing long-term value for our members.

The savings and mortgage markets remained highly competitive throughout the first half of 2026, and this - along with market volatility - placed pressure on margins.

We have maintained a strong capital and liquidity position, enabling us to invest in the Society while continuing to support members today. We continue to reinvest our profits to deliver better value and service and focus on efficiency as we drive sustainable growth.

10 Best Service from a Commercial Mortgage Provider, 2026 Business Moneyfacts Awards

11 https://www.ybs.co.uk/w/britain-risks-a-lost-generation-of-homeowners-despite-near-universal-aspiration-new-report-warns

For example, we invest significantly in technology, because our customers rightly expect their experiences with us to be simple and stress-free. Our Excellent Trustpilot rating, now based on more than 10,000 reviews, shows the quality of service we provide. We will continue to respond to customer and member feedback as we develop our propositions and service.

However our members choose to interact with us - online, in our app, on the high street or through our UK-based contact centre - we provide support from people who listen, understand and care.

Looking ahead, we expect the economic environment to remain challenging. Our solid performance in the first half of the year positions us well to continue to invest and secure a successful future, strengthening our Society today and ensuring we support members with Real Help with Real Life now and for generations to come.

Thank you for your continued support.

Susan Allen, OBE

Chief Executive

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

The UK economy performed modestly well at the start of 2026, prior to the escalation of the Iran conflict toward the end of February. The outbreak of hostilities led to a sharp increase in oil and gas prices, reflecting concerns over supply disruption and broader geopolitical instability. The conflict has persisted for longer than initially anticipated by markets, contributing to heightened global uncertainty.

In response, interest rate expectations increased globally, with markets pricing in a more prolonged period of restrictive monetary policy. In the UK, swap rates fluctuated significantly throughout the period, driving volatility in the pricing of mortgage and savings products as lenders adjusted to rapidly changing funding costs.

Domestic political uncertainty has also increased following the May local elections and subsequent resignation of Keir Starmer as Prime Minister. This political instability has further weighed on business and consumer confidence.

UK economic growth has remained broadly resilient to geopolitical events in the first half of this year, but confidence has been impacted by uncertainty. There are risks that household and business confidence will dampen growth in the second half, but overall the market expectation is for modest growth in 2026.

Labour market conditions have softened slightly during the first half of the year. Unemployment has ticked up and wage growth has eased, reflecting more cautious business sentiment and a continued focus on cost control.

Inflation has continued to moderate from its peak but remains above the Bank of England's target, reflecting persistent underlying pressures and the impact of higher energy prices. As a result, monetary policy has remained restrictive, with Bank Rate held at 3.75% throughout the period. This has sustained upward pressure on borrowing costs, weighing on consumer confidence and limiting discretionary spending.

Overall, the economic environment in the first half of 2026 has been characterised by modest growth, persistent inflationary pressures and heightened uncertainty. This has contributed to more cautious behaviour among consumers and businesses, providing the backdrop for subdued activity across interest-rate sensitive sectors, including the mortgage market.

The UK mortgage market

Overall, the UK mortgage market in the first half of 2026 has reflected a more subdued environment, with activity constrained by affordability pressures and heightened market uncertainty. House price growth has slowed in early 2026, with annual inflation easing and average prices remaining broadly flat, indicating limited underlying momentum. Monthly movements have been volatile but, overall, point to a market that has stabilised rather than grown.

Mortgage pricing has been influenced by increased macroeconomic uncertainty, most notably the conflict in the Middle East, which drove a sharp rise in swap rates during March and April. This resulted in higher customer rates and a short-term pull-forward in activity, particularly within the remortgage segment, as customers sought to secure deals ahead of anticipated increases. Activity subsequently moderated from these elevated levels.

Higher borrowing costs have continued to weigh on affordability, particularly for first-time buyers, and have contributed to reduced activity in segments such as buy-to-let, where the impact of rising rates has been more pronounced.

Competition across the market remains strong, with lenders balancing pricing discipline against the need to remain competitive in a lower demand environment. There has also been a continued focus on supporting affordability, alongside a gradual shift towards longer-term fixed rate products as customers seek greater certainty.

Market dynamics have also evolved with increased competition at higher loan-to-value levels, with a number of major lenders entering the >95% LTV segment. While this is expected to increase competitive pressure in this space, differentiation through broader eligibility and proposition design remains important. In addition, the introduction of the first phase of the Renters' Rights Act represents a significant structural development for the rental market, with potential implications for landlord behaviour, affordability and possession timelines.

Within this context, the Society has continued to evolve its propositions to support customers and maintain competitiveness. This includes the launch of 'Mortgage Booster', extending Joint Borrower Sole Proprietor functionality to the direct channel, and enhancements to the buy-to-let proposition through increased loan limits to better support higher-value lending. We have also simplified our mortgage product structure and strengthened customer communications throughout the maturity journey, supporting improved retention performance.

The Society achieved gross lending of £4.6 billion in the first six months of 2026 (2025 H1: £4.3 billion), as it maintained pricing discipline in a competitive and uncertain market. Net lending in the period to 30 June 2026 was £0.4 billion, compared with £0.9 billion over the same period in 2025.

The UK savings market

Overall, the UK savings market has been competitive in the first half of 2026, with higher rates continuing to support strong returns for savers. As expectations of further Bank of England rate cuts have diminished, providers have increasingly focused on managing pricing in a prolonged higher-rate context, contributing to continued competition for balances across the market.

Household savings balances have grown modestly, reflecting a combination of improved returns and continued economic uncertainty, which has encouraged a degree of precautionary saving. Demand has been particularly strong for fixed rate bonds and ISAs, where higher rates have improved the attractiveness of locking in returns. However, cost-of-living pressures continue to constrain the ability of some households to save, contributing to a divergence between those able to build savings and those more impacted by higher borrowing and living costs.

The market has remained dynamic and increasingly competitive, with digital channels and challenger banks continuing to reshape customer expectations around pricing, accessibility and service. Against this backdrop, ISA season was particularly active, driven by both elevated rates and anticipation of forthcoming changes to cash ISA rules from the 2026/27 tax year. Providers responded with frequent product refreshes and competitive pricing, resulting in high levels of customer engagement across both fixed and variable markets. Larger lenders competed aggressively, particularly in the fixed rate segment, to secure inflows.

Within this environment, Yorkshire Building Society has maintained a strong focus on delivering value to members and supporting financial resilience. This has been demonstrated through a broad and competitive product range, as well as purposeful propositions designed to meet specific customer needs. During the period, this included the continued success of products such as the First Home Saver and Christmas Regular Saver, supporting customers at different stages of their savings journey.

The rates of return offered to savings customers have continued to outperform the market average, reflecting a consistent focus on delivering value. However, the combination of strong liquidity positions and intensified market competition has led to a more measured approach to balance growth during the period. Overall, savings balances increased by £0.5 billion to £54.5 billion (2025 H1: £0.2 billion decrease), as the Society balanced competitiveness with disciplined management of funding requirements.

Outlook

The UK economy is expected to continue to expand at a modest pace over the near term, although the overall outlook remains uncertain. Recent data indicates that growth has been slightly stronger than anticipated in early 2026, while underlying momentum remains weak. Inflation has eased from recent highs but remains above the Bank of England's 2% target and is expected to fluctuate in the near term, particularly given continued uncertainty around global energy prices and geopolitical developments.

The market expectation for the future path of Bank Rate suggests a broadly flat profile over the medium term, although the outlook remains highly uncertain. While earlier expectations pointed to a steady reduction in rates, recent geopolitical developments and inflation volatility have led to a widening range of potential outcomes, including the possibility of rate increases in the near term.

The housing market is expected to remain resilient but subdued, with modest house price growth expected. Improving real wages, easing inflation and lower borrowing costs are likely to provide some support to demand, although affordability constraints remain for many borrowers, particularly those refinancing from historically low fixed rate products.

Returns for savers remain uncertain given volatility in the rate environment. Customer behaviour is likely to remain dynamic, with some customers favouring the flexibility of easy-access products, while others may seek to lock into fixed rates in anticipation of future reductions. The broader savings market is expected to see continued modest growth, although elevated living costs are likely to constrain the ability of some households to save.

UK government policy and regulatory change remain key areas of focus. Upcoming reforms to ISAs, including reductions in the cash ISA allowance, alongside wider fiscal measures aimed at encouraging investment, could materially reshape customer savings preferences over the medium term.

Geopolitical tensions, particularly in the Middle East, continue to create uncertainty in global energy markets and inflation expectations. Domestically, policy decisions aimed at stabilising public finances may weigh on consumer demand and business activity.

The Society is well positioned to navigate these evolving economic conditions, supported by a strong balance sheet and a disciplined approach to risk management. Maintaining financial strength, supporting our members through changing market conditions, and sustaining a competitive position remain our primary focus, ensuring we are well placed to deliver long-term value in an increasingly dynamic operating environment.

Our financial performance

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

The table below sets out the Group's results for the half-year ended 30 June 2026. Further detail on the basis of preparation is provided in note 1 to the condensed interim financial statements.

Income Statement

In the context of volatile economic and market conditions, the Group has delivered solid financial performance, underpinned by mortgage book growth and a prudent approach to balance sheet management. Net interest income was £418.8 million in the period (2025 H1: £429.6 million), with the year-on-year reduction reflecting a lower Bank Rate relative to 12 months ago and the associated pressure on asset and liability margins. The Group's measured approach to pricing, alongside the benefit of the structural hedge, has supported robust net interest margin performance, although ongoing competitive intensity and market volatility continue to place downward pressure on margins.

Management expenses have increased year on year, driven by ongoing investment in strategic change and an increase in headcount to support both project delivery and business-as-usual operations. We continue to actively manage our cost base, ensuring expenditure remains aligned to strategic priorities and delivers value for members.

The increase in ECL charge also reflects changes to economic scenario weightings and macroeconomic assumptions in response to a less favourable economic outlook. Through our purposeful lending approach, we have continued to support members who may be less well served elsewhere in the market, resulting in a modest shift in the risk profile of our lending and a corresponding increase in ECL. Lower house price growth expectations have also reduced the benefit of collateral value appreciation in stressed scenarios, contributing to higher ECL provisions. While this resulted in higher provisions, the mortgage portfolio continues to perform strongly, with balances remaining broadly stable at approximately £52 billion, over 90% of exposures in Stage 1 and defaulted loans remaining low at around 1.3% of total exposure.

The Board assesses performance using both statutory profit before tax and core operating profit. Core operating profit excludes fair value volatility and one-off items that are temporary or expected to reverse, providing a clearer measure of underlying performance. Core operating profit for the period was £175.0 million, a decrease of £40.4 million on the prior year (2025 H1: £215.4 million). Statutory profit before tax was £181.9 million (2025 H1: £187.9 million), with the smaller year-on-year reduction primarily reflecting favourable fair value movements in the current period.

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

		Half-year to 30 June 2026			Half-year to 30 June 2025			Year to 31 December 2025		
		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	**418.8**	**(0.8)**	**418.0**	429.6	(1.0)	428.6	869.8	(1.3)	868.5
Fair value gains and losses	ii	**7.7**	**(7.7)**	**-**	(28.8)	28.8	-	(50.3)	50.3	-
Net realised gains		**(0.2)**	**-**	**(0.2)**	0.9	-	0.9	0.7	-	0.7
Other income and expenses	iii	**(10.3)**	**-**	**(10.3)**	(12.4)	(0.4)	(12.8)	(26.2)	(0.3)	(26.5)
Total income/core income		**416.0**	**(8.5)**	**407.5**	389.3	27.4	416.7	794.0	48.7	842.7
Management expenses		**(207.8)**	**-**	**(207.8)**	(199.2)	-	(199.2)	(407.6)	-	(407.6)
Impairment of financial assets		**(23.7)**	**-**	**(23.7)**	(2.0)	-	(2.0)	(8.5)	-	(8.5)
Movement in provisions	iv	**(2.6)**	**1.6**	**(1.0)**	(0.2)	0.1	(0.1)	-	0.1	0.1
Profit before tax/core operating profit		**181.9**	**(6.9)**	**175.0**	187.9	27.5	215.4	377.9	48.8	426.7

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. Loss on the sale of the non-core portion of fixed assets and on the disposal of intangible assets.

iv. Non-core elements of the restructuring provision.

The key income statement components underpinning core operating profit are set out below:

- Net interest income for the year to June is £418.8 million (2025 H1: £429.6 million), equating to a net interest margin of 1.25%, a decrease of 0.06 percentage points on the prior period.
- 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 £10.3 million relate to commissions, fees and other operating income (2025 H1: £12.4 million expenses). Agency commission expense of £8.7 million (2025: £11.1 million) is also included in the other income and expenses line.
- Management expenses were £207.8 million, an increase of £8.6 million compared to the same period in 2025. The increase primarily reflects higher staff costs associated with increased project delivery, alongside higher non-staff costs, including regulatory levies.
- The increase in the cost to core income ratio from 48% to 51% reflects lower net interest income alongside higher management expenses.
- An impairment charge of £23.7 million was recognised in the period (2025 H1: £2.0 million), reflecting revised economic scenario weightings, updating economic assumptions and increased uncertainty within the external environment. A modest increase in higher loan-to-value lending and credit risk migration has also contributed to the higher expected loss provision. See note 9 for further details on expected credit losses, including the economic scenarios.

As a mutual, the Society does not pay dividends to external shareholders; its profitability requirements are therefore driven by the need to support ongoing operations, deliver value to members and maintain appropriate capital levels. Profit remains sufficient to support the Society's growth ambitions, facilitate reinvestment in its long-term strategy and ensure resilience to economic uncertainty and potential stress scenarios.

The Group's operations are UK-based, focused on mortgage lending which is supported by domestic deposits. A prudent approach to liquidity management continues to be maintained, with the majority of the liquidity portfolio invested in 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 2026	As at 30 June 2025	As at 31 December 2025
	£bn	£bn	£bn
Liquid assets	**14.8**	14.3	13.5
Loans and advances to customers	**52.3**	50.6	51.9
Fair value adjustment for hedged risk on loans and advances to customers	**(0.1)**	(0.1)	-
Other assets	**0.9**	1.1	0.9
Total assets	**67.9**	65.9	66.3
Shares[12]	**53.3**	51.8	52.9
Wholesale funding and other deposits[13]	**8.3**	7.9	7.3
Subordinated liabilities	**1.5**	1.5	1.5
Other liabilities	**0.4**	0.6	0.4
Total liabilities	**63.5**	61.8	62.1
Members' interest and equity	**4.4**	4.1	4.2
Total members' interest, equity, and liabilities	**67.9**	65.9	66.3

Overall balance sheet growth in the six months to 30 June 2026 was 2.4% (Period to 30 June 2025: 0.6%).

Share balances have grown in the period, reaching £53.3 billion (31 December 2025: £52.9 billion), demonstrating the resilience of member balances in a highly competitive savings environment and against a backdrop of subdued growth across the UK savings market. The Society continues to support its members, with its average savings rate differential continuing to outperform the market average by 0.54pp (2025 H1: 0.62pp).

Net mortgage lending was positive at £0.4 billion, albeit lower than the same period in 2025 (2025 H1: £0.9 billion), reflecting a higher level of maturities in the period. This was partially offset by increased gross lending volumes of £4.6 billion (2025 H1: £4.3 billion). This performance has been achieved in a more challenging market environment, with swap rates rising sharply during the period following geopolitical developments, increasing funding costs and intensifying pricing pressures. In this context, the Society has maintained a disciplined approach to lending and pricing, with market share remaining resilient, supported by the strength of its propositions and its focus on sustainable growth.

The asset quality of our loan book remains strong. Loans more than three months in arrears by value accounted for 0.51% of the mortgage book at 30 June 2026 (31 December 2025: 0.46%). The proportion of accounts more than three months in arrears, including possessions, by volume was 0.53% at 30 June 2026 (31 December 2025: 0.52%), and continues to compare favourably with the industry average, the latest data for which is 0.83% (31 December 2025: 0.88%). A range of indicators are used to assess the credit quality of the loan book, which are subject to ongoing monitoring. Lending criteria also continue to be applied with appropriate discipline.

No wholesale issuance was undertaken during the first half of the year, reflecting the strength of the Society's existing liquidity position. With a liquidity coverage ratio of 243.3% (31 December 2025: 238.7%) and a liquidity balance sheet ratio of 24.1% (31 December 2025: 22.5%), the Society continues to maintain significant headroom above regulatory requirements. The Group's liquidity position remains robust, underpinned by a prudent approach to risk management, and supports its ability to operate effectively through a range of market conditions.

Key capital ratios continue to demonstrate significant headroom above regulatory minimum requirements. The Common Equity Tier 1 (CET1) ratio is 19.2% (31 December 2025: 18.8%), and the UK leverage ratio was 7.1% at 30 June 2026 (31 December 2025: 7.0%).

12 Shares in the summary balance sheet includes the fair value adjustment for hedged risk on shares of £16.6 million (31 December 2025: £27.3 million).

13 Within 'wholesale funding and other deposits' are £1.2 billion of retail savings deposits not classed as shares (30 June 2025: £0.9 billion, 31 December 2025: £1.1 billion).

The Society continues its preparations for the implementation of Basel 3.1, due to take effect on 1 January 2027, and expects to continue applying a standardised approach to credit risk. Given the Society's focus on low-risk residential mortgage lending, the reforms are expected to be beneficial to the CET1 ratio.

Capital ratios are prepared in accordance with the UK Capital Requirements Directive V (CRD V) and the UK Capital Requirements Regulation (CRR) on a consolidated Group basis.

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 ten 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 assess the risks and opportunities arising from Artificial Intelligence (AI), including impacts on customer outcomes, operational resilience, data security, regulatory compliance and model integrity. Appropriate governance and controls are being developed to support the safe and responsible adoption of AI technologies across the Society.

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 ▪ Technology and Data Risk	The cyber security threat to the UK financial services industry continues to evolve, originating from both organised crime groups and nation state operators. Threat actors are becoming increasingly sophisticated, leveraging artificial intelligence, social engineering techniques and supply chain vulnerabilities to target organisations and

Emerging or evolving risk	Principal risk(s)	Commentary
		their customers. Ransomware and the exploitation of vulnerabilities remain significant threats. Resilience to such threats, and our ability to detect, respond to and recover from cyber incidents, remain essential. We continue to invest in and enhance our cyber security monitoring, resilience and response capabilities 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 ▪ Conduct 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.
Technology resilience	▪ Operational Risk ▪ Technology and Data 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 ▪ Compliance Risk	The regulatory environment in which we operate continues to evolve. Monitoring and maintaining our regulatory compliance positions is one of our highest priorities.
Artificial Intelligence	▪ Technology and Data Risk ▪ Operational Risk ▪ Model Risk ▪ Conduct Risk	The rapid development of Artificial Intelligence (AI) presents opportunities to enhance customer service and efficiency, while also introducing new technology, data, conduct and regulatory risks. We continue to strengthen our governance and oversight to ensure AI is used safely and responsibly.
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

Emerging or evolving risk	Principal risk(s)	Commentary
		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.
Strengthening data capabilities	▪ Technology and Data Risk	We are strengthening our data capabilities to support better decision-making, operational efficiency and delivery of our strategic objectives. As our reliance on data increases, so too does the importance of ensuring data quality, security and appropriate use. We are enhancing our data governance framework to ensure that data is accurate, well-controlled and used responsibly across the organisation. This includes improving data management practices, strengthening oversight and embedding clear accountability for data ownership and quality to support trusted insights and regulatory compliance.

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:

Home buying and selling reform

Open finance could be the next big step in the UK's smart data journey, and one that really matters for people trying to buy a home. The Financial Conduct Authority (FCA) has set out a roadmap to move things forward, starting with consumers' access to mortgages. Done well, open finance could make applying for a mortgage simpler and quicker. Secure data sharing means fewer hoops to jump through and more accurate affordability checks, leading to more competitive mortgage offers, without sacrificing safety or trust.

At the same time, the Government is pressing ahead with plans to create a fairer, more reliable housing market. The aim is a fully digital property process that cuts delays, reduces costs and lowers the risk of sales falling through. By standardising and safely sharing property data, homebuyers could see a faster, clearer and more dependable experience from start to finish.

The Prudential Regulation Authority is consulting on changes that could help more first-time buyers borrow what they need to buy a home. Temporary measures are already in place to help firms offer more mortgages to these type of buyers and we welcome more permanent proposals; they would give us more flexibility and help us support more members to take their first step on the property ladder.

We're actively engaging with these proposals and keeping a close eye on how they develop. Our focus is on what they mean in practice - for first-time buyers saving every spare pound, for families needing certainty before a move, and for members who just want things to work when it matters most. If change is coming, we want it to make homebuying simpler, fairer and more dependable for the people we're here for.

Modernising the Redress System

The FCA, Financial Ombudsman Service (FOS) and HM Treasury are continuing with their plans to modernise the UK's financial redress system, to make sure it's fairer, simpler and quicker when things go wrong. A big part of this is making sure FOS is ready for the future, so consumers know exactly where they stand. And because real life doesn't always run smoothly, we're clear about our role too. If something's not right, we'll do our best to fix it, quickly and fairly, whether that's online, over the phone or in branch.

Changes to the Board

A complete list of the board of directors can be found in the 2025 Annual Report and Accounts and on our website at www.ybs.co.uk.

We've strengthened the Board further with two new Non-Executive Director appointments. Philippa Brown and Barry O'Dwyer joined us from 2 June 2026, bringing extensive experience across financial services, customer focused businesses and digital transformation.

As reported in the 2025 Annual Report and Accounts, Debra Davies stepped down as the Society's Chair of the Remuneration Committee following the Annual General Meeting on 28 April 2026 after three years of service. She was succeeded as Chair of the Remuneration Committee by Janet Pope.

As announced on 20 February 2026, Tom Ranger informed the Board of his intention to leave the Society. He will now step down from the Board on 1 September 2026 and leave the Society on 30 September 2026. The Society expects to announce the appointment of a new Chief Financial Officer and Executive Director in due course. Subject to regulatory approval, Lyndon Horwell, Group Treasurer, will serve as Interim Chief Financial Officer from 1 October 2026 until the new Chief Financial Officer joins the Society.

Signed on behalf of the Board by

Susan Allen, OBE

Chief Executive Officer

22 July 2026

Tom Ranger

Chief Financial Officer

22 July 2026

Condensed Interim Financial Statements

Consolidated Income Statement

(Unaudited)

	Notes	Half-year to 30 June 2026 £m	Half-year to 30 June 2025 £m	Year to 31 December 2025 £m
Interest revenue calculated using the effective interest rate method	3	**1,337.1**	1,320.3	2,672.8
Other interest revenue	3	**168.9**	305.2	505.3
Interest revenue	3	**1,506.0**	1,625.5	3,178.1
Interest expense	4	**(1,087.2)**	(1,195.9)	(2,308.3)
Net interest income		**418.8**	429.6	869.8
Fee and commission revenue		**5.8**	5.6	12.1
Fee and commission expense		**(16.3)**	(18.6)	(36.7)
Net fee and commission expense		**(10.5)**	(13.0)	(24.6)
Net gains/(losses) from financial instruments held at fair value	5	**7.7**	(28.8)	(50.3)
Net realised (losses)/gains on disposal of financial instruments		**(0.2)**	0.9	0.7
Other operating income/(expense)		**0.2**	0.6	(1.6)
Total income		**416.0**	389.3	794.0
Administrative expenses		**(200.7)**	(191.9)	(387.8)
Depreciation and amortisation		**(7.1)**	(7.3)	(19.8)
Impairment charge of financial assets	6	**(23.7)**	(2.0)	(8.5)
Provisions for liabilities and charges	7	**(2.6)**	(0.2)	-
Profit before tax		**181.9**	187.9	377.9
Tax expense	8	**(50.0)**	(49.8)	(102.4)
Profit for the period		**131.9**	138.1	275.5

Consolidated Statement of Comprehensive Income

(Unaudited)

	Half-year to 30 June 2026 £m	Half-year to 30 June 2025 £m	Year to 31 December 2025 £m
Profit for the period	**131.9**	138.1	275.5
Items that may be subsequently reclassified through profit or loss			
Cash flow hedges:			
Fair value movements taken to equity	**19.3**	(15.9)	(16.7)
Amounts transferred to the income statement	**(2.4)**	2.6	2.8
Tax on amounts recognised in equity	**(4.7)**	3.7	3.9
Financial assets measured through other comprehensive income:			
Fair value movements taken to equity	**(5.9)**	6.9	3.5
Amounts transferred to the income statement	**15.0**	0.9	3.2
Tax on amounts recognised in equity	**(2.6)**	(2.2)	(1.9)
Items that will not be reclassified through profit or loss			

Remeasurement of retirement benefit obligations	**0.9**	(4.6)	(5.2)
Tax on remeasurement of retirement benefit obligations	**(0.3)**	1.3	1.5
Total other comprehensive income/(expense)	**19.3**	(7.3)	(8.9)
Total comprehensive income for the period	**151.2**	130.8	266.6

Consolidated Balance Sheet

(Unaudited)

	Notes	As at 30 June 2026 £m	As at 30 June 2025 £m	As at 31 December 2025 £m
Assets				
Cash and balances with the Bank of England		**6,934.9**	6,417.4	6,043.6
Loans and advances to credit institutions		**159.7**	651.0	363.7
Debt securities		**7,736.5**	7,222.3	7,136.9
Loans and advances to customers	9	**52,316.7**	50,571.7	51,893.8
Fair value adjustment for hedged risk on loans and advances to customers		**(76.8)**	(77.0)	22.1
Derivative financial instruments		**636.9**	931.1	678.9
Investments		**0.8**	1.6	0.8
Intangible assets		**17.8**	15.8	15.0
Investment property		**10.4**	11.1	11.9
Property held for sale		**1.4**	-	1.4
Property, plant and equipment		**93.3**	99.4	89.7
Retirement benefit surplus	10	**28.7**	28.1	28.2
Current tax assets		**4.5**	-	5.7
Other assets		**40.4**	33.0	38.6
Total assets		**67,905.2**	65,905.5	66,330.3
Liabilities				
Shares		**53,318.2**	51,769.4	52,913.7
Fair value adjustment for hedged risk on shares		**16.6**	43.1	27.3
Amounts owed to credit institutions		**1,746.0**	952.8	336.9
Other deposits		**1,694.4**	1,429.7	1,508.7
Debt securities in issue		**4,847.6**	5,554.0	5,425.2
Derivative financial instruments		**260.2**	433.9	286.0
Current tax liabilities		**-**	2.3	-
Deferred tax liabilities		**33.4**	32.7	22.7
Retirement benefit obligations	10	**7.1**	7.1	7.5
Provisions for liabilities and charges		**4.1**	3.3	2.4
Subordinated liabilities		**1,502.5**	1,489.7	1,472.4
Other liabilities		**82.6**	82.0	86.2
Total liabilities		**63,512.7**	61,800.0	62,089.0
Members' interests and equity		**4,392.5**	4,105.5	4,241.3
Total members' interest, equity and liabilities		**67,905.2**	65,905.5	66,330.3

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 2026				
At 1 January 2026	**4,258.8**	**(3.0)**	**(14.5)**	**4,241.3**
Profit for the period	**131.9**	**-**	**-**	**131.9**
Net remeasurement of defined benefit obligations	**0.6**	**-**	**-**	**0.6**
Net movement in cash flow hedges	**-**	**12.2**	**-**	**12.2**
Net movement in fair value through other comprehensive income	**-**	**-**	**6.5**	**6.5**

Total comprehensive income	**132.5**	**12.2**	**6.5**	**151.2**
At 30 June 2026	**4,391.3**	**9.2**	**(8.0)**	**4,392.5**
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
Year to 31 December 2025				
At 1 January 2025	3,987.0	7.0	(19.3)	3,974.7
Profit for the year	275.5	-	-	275.5
Net remeasurement of defined benefit obligations	(3.7)	-	-	(3.7)
Net movement in cash flow hedges	-	(10.0)	-	(10.0)
Net movement in fair value through other comprehensive income	-	-	4.8	4.8
Total comprehensive income	271.8	(10.0)	4.8	266.6
At 31 December 2025	4,258.8	(3.0)	(14.5)	4,241.3

Consolidated Statement of Cash Flows

(Unaudited)

	Notes	Half-year to 30 June 2026 £m	Half-year to 30 June 2025 £m	Year to 31 December 2025 £m
Cash flows from operating activities				
Profit before tax		**181.9**	187.9	377.9
Non-cash or non-operating items included in profit before tax	12	**65.2**	72.0	150.1
Net change in operating assets	12	**(292.0)**	(720.0)	(1,904.3)
Net change in operating liabilities	12	**1,911.8**	(221.2)	294.7
Tax paid		**(45.7)**	(50.1)	(120.0)
Net cash flow from operating activities		**1,821.2**	(731.4)	(1,201.6)
Cash flows from investing activities				
Purchase of property, plant and equipment, and intangible assets		**(11.2)**	(4.8)	(10.5)
Proceeds from sale of property, plant and equipment		**0.1**	0.8	0.4
Purchase of debt securities		**(2,279.2)**	(1,172.0)	(3,345.9)
Redemption and other movements of debt securities		**1,688.6**	2,379.7	4,637.7
Net cash flow from investing activities		**(601.7)**	1,203.7	1,281.7
Cash flows from financing activities				
Redemption of debt securities in issue	12	**(530.7)**	(82.5)	(666.7)
Issue of debt securities	12	**-**	507.6	892.7
Redemption of subordinated liabilities	12	**-**	(25.6)	(25.6)
Interest paid on subordinated liabilities		**-**	(1.7)	(70.6)
Interest paid on lease liabilities		**(0.2)**	(0.2)	(0.5)
Capital repayments on lease liabilities		**(1.3)**	(1.2)	(1.8)
Net cash flow from financing activities		**(532.2)**	396.4	127.5
Net change in cash and cash equivalents		**687.3**	868.7	207.6
Opening balance		**6,407.3**	6,199.7	6,199.7
Closing cash and cash equivalents		**7,094.6**	7,068.4	6,407.3
Cash and cash equivalents				
Cash and cash equivalents		**6,934.9**	6,417.4	6,043.6
Loans and advances to credit institutions		**159.7**	651.0	363.7
Closing cash and cash equivalents		**7,094.6**	7,068.4	6,407.3

Net cash flows from operating activities of the Group include interest received of £579.8 million (Period to 30 June 2025: £732.7 million) and interest paid of £457.2 million (Period to 30 June 2025: £1,686.9 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') for the half-year ended 30 June 2026.

Under the Building Societies Act 1986, the Group is required to apply UK-adopted international accounting standards as endorsed by the UK Endorsement Board (UKEB). Accordingly, these condensed interim financial statements have been prepared in accordance with UK-adopted IAS 34 Interim Financial Reporting, as adopted for use in the UK, and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As condensed interim financial statements, they are intended to provide an update on the Group's financial position and performance since 31 December 2025 and focus on matters that are significant to an understanding of the changes that have occurred during the period. They should therefore be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2025, which were prepared in accordance with UK-adopted international accounting standards and the applicable requirements of the Building Societies Act 1986 and the Building Societies (Accounts and Related Provisions) Regulations 1998.

Pounds sterling is both the functional currency of the 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 2026 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

There have been no new or amended accounting standards effective for the six months ended 30 June 2026 that have had a material impact on the Group's financial statements.

The information on future accounting developments and their potential effect on the financial statements are provided on page 147 of the 2025 Annual Report and Accounts.

Going concern

Details of the Group's objectives, policies and processes for managing its risk exposure (including its principal risks) are contained in the Risk Management Report of the 2025 Annual Report and Accounts. An update on top and emerging risks has been provided on pages 12 to 14 and does not identify any material changes to the Group's risk profile.

The directors also include a statement on long-term viability on page 130 of the 2025 Annual Report and Accounts. The current viability assessment has been made over the period to 31 December 2028, in line with the Group's Strategic Plan and capital and liquidity stress testing process.

Taking the Group's objectives, policies and processes into account alongside updates to the Group's strategic plan and stress testing performed incorporating the current economic and regulatory environment, the directors confirm they are satisfied the Group has adequate resources to continue in business for at least 12 months from the date of signing the Interim Financial Report and accordingly, it is appropriate to adopt the going concern basis in preparing this Interim Financial Report.

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. ECLs 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 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 £10.0 million and £36.7 million (31 December 2025: £7.5 million and £28.7 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 2026 Scenario (% change)				
	2026	**2027**	**2028**	**2029**	**2030**
HPI					
Downturn	**(4.2)**	**(5.7)**	**0.3**	**1.5**	**2.0**
Severe	**(11.2)**	**(13.8)**	**(6.7)**	**6.7**	**6.1**

	December 2025 Scenario (% change)				
	2026	**2027**	**2028**	**2029**	**2030**
HPI					
Downturn	(8.2)	(4.4)	(2.0)	(1.8)	(1.8)
Severe	(16.9)	(11.0)	(3.5)	3.1	0.5

3. Interest revenue

	Half-year to 30 June 2026	**Half-year to 30 June 2025**	**Year to 31 December 2025**
	£m	£m	£m
Calculated using the effective interest rate method:			
Loans secured on residential property	1,068.3	1,013.0	2,079.0
Loans secured on commercial property	18.3	21.4	41.6
Other interest expense*	(3.2)	(11.7)	(15.9)
Liquid assets	119.4	150.7	284.5
Debt securities	134.3	146.9	283.6
Interest revenue calculated using the effective interest rate method	1,337.1	1,320.3	2,672.8
Other:			
Derivatives in hedge relationships	149.5	280.3	462.2
Derivatives not included in hedge relationships	19.0	24.1	41.5
Investments held at fair value	0.4	0.8	1.6
Other interest revenue	168.9	305.2	505.3
Total interest revenue	1,506.0	1,625.5	3,178.1

* Includes net interest income on clearing collateral agreements.

4. Interest expense

	Half-year to 30 June 2026	Half-year to 30 June 2025	Year to 31 December 2025
	£m	£m	£m
Shares held by individuals	851.9	937.8	1,834.1
Amounts owed to credit institutions	17.9	11.6	21.6
Other deposits	8.5	10.1	19.3
Debt securities in issue	77.1	86.7	172.0
Subordinated liabilities	34.3	35.1	70.0
Derivatives in hedge relationships	93.0	98.0	168.1
Derivatives not included in hedge relationships	4.3	16.4	22.6
Interest expense for leasing arrangements	0.2	0.2	0.5
Other interest payable	-	-	0.1
Total interest expense	1,087.2	1,195.9	2,308.3

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

	Half-year to 30 June 2026	Half-year to 30 June 2025	Year to 31 December 2025
	£m	£m	£m
Derivatives and debt securities not included in hedge relationships	5.3	(12.9)	(19.6)
Hedge accounting ineffectiveness	2.4	(15.9)	(30.0)
Equity investments held at fair value	-	-	(0.7)
Net gains/(losses) from financial instruments held at fair value	7.7	(28.8)	(50.3)

Derivatives and hedging

The Society uses interest rate swaps to manage exposure to interest rate risk. All swaps are entered into for economic hedging purposes; however, not all are formally designated as accounting hedges.

SONIA swap rates used to calculate fair values have been volatile during the first half of 2026, with an initial decrease followed by a sharp increase through March and April reflecting market expectations for future interest rates. While rates have eased since then, they remain above levels seen at the start of the year.

Hedge accounting ineffectiveness reflects both the early termination of derivative instruments and the ineffective portion of designated hedging relationships and amortisation adjustments arising from hedge inception and de-designation.

6. Impairment charge of financial assets

The following table splits the income statement impairment charge of financial assets into those elements impacting the ECL and other items. During the period the impairment charge on financial assets increased to £23.7m (2025: £2.0m), principally reflecting a higher ECL charge.

The increase was driven by growth in Stage 2 exposures and a higher average risk profile, reflecting the increasing proportion of higher loan-to-value lending within the portfolio and resulting in a greater proportion of balances being subject to lifetime ECL measurement. Stage 2 exposures increased to £4.0bn, representing 7.6% of the mortgage portfolio (2025: £3.1bn, 5.9%).

This increase was driven by a number of factors, including changes in economic scenario weightings and updated macroeconomic assumptions, specifically lower house price growth expectations and a greater recognition of downside economic risks. These changes resulted in more accounts meeting the criteria for Stage 2 classification and increased expected losses across all economic scenarios.

Underlying credit performance remains strong. The increase in impairment reflects a higher level of expected future risk rather than a significant deterioration in current borrower performance.

	Half-year to 30 June 2026	Half-year to 30 June 2025	Year to 31 December 2025
	£m	£m	£m
Impairment charge on loans and advances to customers	**24.1**	2.9	9.9
Recoveries relating to loans and advances previously written off	**(0.3)**	(0.4)	(0.8)
Impairment release of other financial assets	**(0.1)**	(0.5)	(0.6)
Impairment charge on financial assets	**23.7**	2.0	8.5

7. Provisions for liabilities and charges

The provisions charge/(release) for the period is outlined below:

	Half-year to 30 June 2026	Half-year to 30 June 2025	Year to 31 December 2025
	£m	£m	£m
Customer redress	**0.9**	0.1	-
Restructuring	**1.6**	0.1	0.1
Property related provision	**0.1**	-	(0.1)
Total provisions charge/(release)	**2.6**	0.2	-

A provision is recognised where the Society has a present obligation and it is probable that a reliably measurable outflow of economic benefits will be required to settle that obligation. No provision is recognised where a payment is not considered probable or cannot be measured with sufficient reliability, including where facts remain unclear or further information is required.

The movement in provisions during the period reflects both utilisation of existing balances and the recognition of new obligations.

A new provision of £0.9m has been recognised in relation to product transfer remediation, reflecting the Society's current best estimate of the expected costs of customer redress due to issues related to the transfers between products. This estimate is based on assumptions regarding affected customer volumes and the likely level of remediation and is subject to a degree of uncertainty.

Property-related provisions have increased slightly, reflecting updated cost estimates, while restructuring provisions increased reflecting ongoing transformation activity and updated estimates of expected costs based on the latest available information.

Restructuring provisions increased during the period, relating to announced transformation and restructuring programmes.

Further detail on the nature of the Society's provisions is included in the Annual Report and Accounts for the year ended 31 December 2025.

8. Tax expense

The Group has an effective tax rate of 27.5%, 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. 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. 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 tax expense arising from Pillar Two is £nil for the period ended 30 June 2026 and the year ended 31 December 2025.

9. 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 2026 are described below.

	30 June 2026	30 June 2025	31 December 2025
	£m	£m	£m
Gross contractual exposures	**52,393.1**	50,625.3	51,950.7
EIR and other adjustments	**28.8**	26.6	28.3
Fair value rate adjustment	**(18.7)**	(21.0)	(20.0)
Gross loans and advances to customers	**52,403.2**	50,630.9	51,959.0
Impairment	**(71.0)**	(41.5)	(48.2)
Fair value credit adjustment	**(15.5)**	(17.7)	(17.0)
ECL	**(86.5)**	(59.2)	(65.2)
Loans and advances to customers	**52,316.7**	50,571.7	51,893.8

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 2026	**Half-year to 30 June 2025**	**Year to 31 December 2025**
	£m	£m	£m
Opening impairment	**48.2**	39.2	39.2
Amounts written off in the period	**(2.1)**	(1.4)	(2.5)
Discounting recognised in net interest income	**0.8**	0.8	1.6
Charge for the period recognised in the income statement	**24.1**	2.9	9.9
Impairment	**71.0**	41.5	48.2

	Half-year to 30 June 2026	**Half-year to 30 June 2025**	**Year to 31 December 2025**

	£m	£m	£m
Opening fair value credit adjustment	**17.0**	19.4	19.4
Release recognised in the income statement through net interest	**(0.8)**	(1.0)	(1.3)
Amounts written off in the period	**(0.7)**	(0.7)	(1.1)
Fair value credit adjustment	**15.5**	17.7	17.0

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 macroeconomic scenarios to impact staging.

Current Macroeconomic Conditions

The UK economy has remained broadly resilient to the geopolitical environment in the first half of 2026, though uncertainty has remained elevated. The US-Iran war impacted energy prices and supply chains throughout the first half of the year, which is likely to feed through into headline inflation in the second half. The geopolitical uncertainty is likely to impact growth in the near term, as well as adding cost pressures to businesses and consumers.

The labour market continues a similar path from 2025, with unemployment rising slowly and wage growth normalising. The number of vacancies has continued to decline, but redundancies have remained stable. Looking ahead, unemployment is projected to rise further, though it is expected to stay within historical ranges.

Inflation had been returning towards the 2% target preceding the Iran war, but the impact to oil prices has delayed progress, with inflation likely to accelerate over the rest of the year. This has shifted market interest rate expectations upwards. Despite the increase in market expectation, the loosening in the labour market and slowing growth may mitigate the secondary round impacts of inflation, thereby negating the need for the Bank of England to respond with rate hikes. However, interest rate hikes are a possibility if energy prices remain inflated for the medium term, or if the energy inflation begins to impact price levels in the wider economy.

The housing market has shown resilience in terms of activity in the first half of this year, but there has been heightened price sensitivity, with some indices suggesting periods of contraction throughout 2026.

Upside

The upside scenario is impacted by recent geopolitical developments in the short term, then captures a period of long-term growth supported by the structural adoption of AI and subsequent productivity gains.

Core

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

Downturn

This scenario has been changed to reflect the impact of recent geopolitical events, capturing the risk of energy price inflation and supply chain disruption. This was changed from a demand shock scenario used at FY25.

Severe Downturn

The severe scenario has remained broadly unchanged, and continues to be driven by global conflict, with significantly heightened inflation driving higher interest rates. A deep recession ensues, with unemployment rising and house prices falling significantly. This scenario remains the most penal from an affordability and credit loss perspective.

Macroeconomic variables

The following table shows the values of the key economic variables used by each economic scenario for the period until December 2030. 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.

	June 2026 Scenario					December 2025 Scenario				
	2027	**2028**	**2029**	**2030**	**2031**	2026	2027	2028	2029	2030
HPI										
Upside	**4.0**	**4.5**	**4.0**	**3.5**	**4.0**	5.5	4.0	4.0	4.0	4.0
Core	**2.5**	**2.5**	**2.5**	**2.5**	**3.0**	3.0	3.0	3.0	3.0	3.0

Downturn	(5.7)	0.3	1.5	2.0	2.0	(5.2)	(1.4)	1.0	1.2	1.2
Severe Downturn	(13.8)	(6.7)	6.7	6.1	2.0	(13.9)	(8.0)	(0.5)	6.1	3.5
GDP										
Upside	2.0	2.2	2.4	2.5	2.5	1.7	2.0	2.2	2.2	2.2
Core	1.1	1.4	1.4	1.5	1.5	1.0	1.3	1.4	1.5	1.5
Downturn	(0.5)	1.2	1.0	0.8	1.0	(2.0)	0.6	1.2	1.2	1.2
Severe Downturn	(3.5)	1.5	0.9	1.0	1.0	(3.5)	(1.0)	0.8	0.8	0.8
Unemployment										
Upside	4.8	4.5	4.3	4.3	4.3	4.3	4.3	4.2	4.2	4.2
Core	5.6	5.2	4.5	4.3	4.3	5.2	5.0	4.7	4.5	4.5
Downturn	6.5	6.2	5.7	5.2	5.2	6.6	6.5	6.0	5.2	5.0
Severe Downturn	8.8	6.9	6.5	6.5	5.5	8.3	8.2	6.9	6.5	6.5
Bank Rate										
Upside	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Core	3.8	3.8	3.8	3.8	3.8	3.5	3.5	3.5	3.5	3.5
Downturn	4.0	3.8	3.5	3.5	3.5	2.5	2.5	2.8	3.0	3.0
Severe Downturn	5.0	5.0	4.5	4.5	4.5	6.3	5.0	5.0	4.5	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 2026		31 December 2025	
	Weighted	ECL	Weighted	ECL
Scenario	%	£m	%	£m
Upside	**5**	**35.7**	10	30.5
Core	**60**	**40.9**	60	33.9
Downturn	**25**	**138.4**	20	109.9
Severe downturn	**10**	**255.5**	10	197.5
Probability weighted ECL	**100**	**86.5**	100	65.2

Subject matter expert judgement is applied to determine the final scenario weightings, informed by quantitative analysis and current economic conditions.

The economic scenarios and weightings were reviewed at the 2026 half year to reflect geopolitical developments in the Middle East and the associated uncertainty around inflation, energy prices and economic growth. While diplomatic progress, lower oil prices and easing supply chain concerns were incorporated into the central scenario, downside risks remain relating to implementation challenges and the potential for renewed conflict escalation. To reflect this increased downside risk, a 5% weighting was transferred from the upside scenario to the downside scenario. The central and severe downside scenarios were otherwise broadly unchanged from 2025.

Post Model Adjustments

Post model adjustments ('PMA') are applied when an increase in credit risk is identified that is not effectively captured in the core expected credit loss models.

A rigorous review of the PMAs has been performed to determine whether the identified risks are still applicable, and if any additional risks have been identified. Adjustments were made to which PMAs were required and to the magnitude of those that were maintained.

The PMA working group includes colleagues from Finance, Balance Sheet Management and Credit Risk. This working group has been used to review the on-going suitability of existing PMAs and discuss whether additional PMAs are required in relation to emerging risks or issues.

	30 June 2026	31 December 2025
	£m	£m
Climate Change Risk	**1.1**	0.8
Other	**1.5**	-
Total PMA	**2.6**	0.8

Climate Change Risk

At 30 June 2026, the PMA relates to a combination of physical and transition climate risks and is not material.

Other

A temporary PMA has been recognised to reflect the impact of further amendments required to the model for Stage 2 ECL. The PMA is expected to be removed before the next reporting cycle.

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 £230.4 million of POCI loans (31 December 2025: £247.1 million). Of these, 83% (31 December 2025: 83%) 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 2026		31 December 2025	
	£m	%	£m	%
Gross exposures by stage				
Stage 1	**47,546.8**	**90.8**	48,066.3	92.5
Stage 2	**3,989.9**	**7.6**	3,058.5	5.9
Stage 3	**626.0**	**1.2**	578.8	1.1
POCI	**230.4**	**0.4**	247.1	0.5
Total gross exposures	**52,393.1**	**100.0**	51,950.7	100.0
Problem loans (stage 3 plus non-performing POCI)	**666.0**	**1.3**	621.3	1.2
ECL and coverage ratio by stage				
Stage 1	**13.2**	**-**	12.0	-
Stage 2	**40.5**	**1.0**	24.9	0.8
Stage 3	**25.6**	**4.1**	20.2	3.5
POCI	**7.2**	**3.1**	8.1	3.3
Total ECL	**86.5**	**0.2**	65.2	0.1

	Gross exposure		ECL	
	30 June 2026	31 December 2025	30 June 2026	31 December 2025
	£m	£m	£m	£m
Stage 1	**47,546.8**	48,066.3	**13.2**	12.0
Stage 2:	**3,989.9**	3,058.5	**40.5**	24.9
Less than 30 days past due	**3,734.3**	2,859.9	**34.4**	21.7
More than 30 days past due	**255.6**	198.6	**6.1**	3.2
Stage 3:	**626.0**	578.8	**25.6**	20.2
Less than 30 days past due	**261.5**	250.6	**3.8**	3.1
30-90 days past due	**125.5**	115.1	**2.3**	2.0
More than 90 days past due	**239.0**	213.1	**19.5**	15.1
POCI:	**230.4**	247.1	**7.2**	8.1
Less than 30 days past due	**202.6**	214.2	**5.5**	6.1
30-90 days past due	**15.2**	18.2	**0.6**	0.7
More than 90 days past due	**12.6**	14.7	**1.1**	1.3
Total	**52,393.1**	51,950.7	**86.5**	65.2

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

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.

Balances in the lowest two PD bands during the period have reduced, while exposures in middle and higher risk PD bands have increased reflecting more loans are being assessed as vulnerable to future economic stress, even though they continue to meet their current repayment obligations. This is driven by a more severe downside outlook and the increasing proportion of higher LTV lending within the portfolio and the continued delivery of the Society's purposeful lending strategy, supporting members who may be less well served elsewhere in the market.

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

	30 June 2026		31 December 2025	
	Gross exposure	ECL	Gross exposure	ECL

	Stage 1	Stage 2	Stage 3	POCI	Total			
Probability of default range	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
0.00%-<0.15%	**5,505.0**	**69.8**	**-**	**-**	**5,574.8**	**0.2**	6,913.6	0.3
0.15%-<0.25%	**9,035.1**	**93.0**	**-**	**-**	**9,128.1**	**0.6**	9,526.8	0.5
0.25%-<0.50%	**12,801.9**	**177.9**	**-**	**-**	**12,979.8**	**1.9**	12,543.0	1.5
0.50%-<0.75%	**5,177.2**	**95.1**	**-**	**-**	**5,272.3**	**1.6**	4,917.7	1.3
0.75%-<1.00%	**2,297.8**	**66.5**	**-**	**-**	**2,364.3**	**1.2**	1,790.5	0.8
1.00%-<2.50%	**2,897.8**	**1,007.0**	**-**	**-**	**3,904.8**	**5.6**	3,456.8	3.6
2.50%-<10.0%	**490.3**	**1,588.0**	**-**	**-**	**2,078.3**	**14.8**	1,781.5	9.7
10.0%-<100%	**62.7**	**507.6**	**-**	**-**	**570.3**	**11.6**	494.4	7.8
Default	**-**	**-**	**610.3**	**35.3**	**645.6**	**26.2**	599.9	21.1
Accord buy-to-let	**6,844.4**	**235.7**	**15.0**	**-**	**7,095.1**	**7.7**	7,163.5	4.9
Commercial	**2,369.5**	**136.6**	**0.7**	**4.8**	**2,511.6**	**7.3**	2,472.6	6.8
Other	**65.1**	**12.7**	**-**	**190.3**	**268.1**	**5.2**	290.4	6.2
PMAs	-	-	-	-	-	**2.6**	-	0.7
Total	**47,546.8**	**3,989.9**	**626.0**	**230.4**	**52,393.1**	**86.5**	51,950.7	65.2

Lending by origination year

	30 June 2026						31 December 2025	
	Gross exposure					ECL	Gross exposure	ECL
	Stage 1	Stage 2	Stage 3	POCI	Total			
Origination year	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
2026	**3,735.8**	**95.1**	**10.1**	**-**	**3,841.0**	**3.2**	-	-
2025	**8,787.4**	**583.1**	**37.6**	**-**	**9,408.1**	**12.0**	9,647.7	5.8
2024	**7,352.7**	**647.7**	**59.4**	**-**	**8,059.8**	**13.9**	8,818.9	9.8
2023	**5,782.2**	**616.6**	**72.5**	**-**	**6,471.3**	**13.7**	6,946.6	11.0
2013 - 2022	**20,334.7**	**1,605.0**	**292.6**	**-**	**22,232.3**	**26.8**	23,952.3	20.8
2009 - 2012	**512.8**	**41.3**	**7.5**	**-**	**561.6**	**0.1**	608.7	0.1
Pre-2009	**514.2**	**251.4**	**86.2**	**-**	**851.8**	**2.8**	926.9	3.2
Acquired loans	**527.0**	**149.7**	**60.1**	**230.4**	**967.2**	**14.0**	1,049.6	14.5
Total	**47,546.8**	**3,989.9**	**626.0**	**230.4**	**52,393.1**	**86.5**	51,950.7	65.2

Lending by Loan to value

Higher-LTV lending continues to increase as a proportion of the mortgage portfolio. This reflects the Society's commitment to purposeful lending and supporting members to achieve home ownership. These accounts typically have lower levels of accumulated borrower equity and are therefore more sensitive to house price movements under stressed economic scenarios. Whilst overall credit quality remains strong, the increase in higher-LTV exposures has increased the portfolio's sensitivity to downside economic scenarios, contributing to higher expected credit loss provisions.

	30 June 2026					31 December 2025
	Gross exposure					Gross exposure
	Stage 1	Stage 2	Stage 3	POCI	Total	
Loan to value	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Less than 60%	**18,662.6**	**1,882.4**	**317.2**	**207.9**	**21,070.1**	22,382.1
60% to 75%	**13,347.2**	**987.1**	**159.1**	**17.4**	**14,510.8**	15,223.4
75% to 90%	**12,882.9**	**957.2**	**125.0**	**3.4**	**13,968.5**	12,935.8
90% or greater	**2,654.1**	**163.2**	**24.7**	**1.7**	**2,843.7**	1,409.4
Total	**47,546.8**	**3,989.9**	**626.0**	**230.4**	**52,393.1**	51,950.7
Average LTV (%)	**54.0**	**47.6**	**46.8**	**36.5**	**53.3**	51.7

Movement analysis

The tables on pages 31 and 32 detail the movement in the gross exposures and ECL from the beginning to the end of the reporting period split by stage.

PMAs have increased since 31 December 2025 as a result of the introduction of a PMA following a Stage 2 review, and an increase to the Climate Risk PMA in line with the wider impact of updating the IFRS9 economic scenarios and weightings.

Higher LTV borrowers exhibit larger increases in probability of default, higher loss given default and a greater likelihood of meeting Significant Increase in Credit Risk (SICR) criteria under stress. The interaction between the current composition of the book and the revised economic assumptions and weightings has produced higher expected losses. The impacts are reflected in Stage 2 with balances increased from £3.1bn to £4.0bn leading to Stage 2 exposures increasing from 5.9% to 7.6% of the book. Most Stage 2 balances are less than 30 days past due meaning a SICR has been experienced on these financial assets since initial recognition for which a lifetime ECL is recognised.

The following tables detail the movement in the gross exposures and ECL from the beginning to the end of the reporting period split by class of financial instrument.

	Stage 1	Stage 2	Stage 3	POCI	Total
	£m	£m	£m	£m	£m
Gross exposure at 31 December 2025	**48,066.3**	**3,058.5**	**578.8**	**247.1**	**51,950.7**
Transfers from stage 1 to 2	**(1,289.6)**	**1,289.6**	**-**	**-**	**-**
Transfers from stage 1 to 3	**(57.3)**	**-**	**57.3**	**-**	**-**
Transfers from stage 2 to 1	**470.6**	**(470.6)**	**-**	**-**	**-**
Transfers from stage 2 to 3	**-**	**(80.5)**	**80.5**	**-**	**-**
Transfers from stage 3 to 1	**11.0**	**-**	**(11.0)**	**-**	**-**
Transfers from stage 3 to 2	**-**	**39.4**	**(39.4)**	**-**	**-**
Changes to carrying value	**(899.3)**	**263.0**	**4.0**	**(4.4)**	**(636.7)**
New financial assets originated or purchased	**3,775.4**	**-**	**-**	**-**	**3,775.4**
Financial assets derecognised during the period	**(2,530.3)**	**(109.5)**	**(40.1)**	**(10.6)**	**(2,690.5)**
Write-offs	**-**	**-**	**(4.1)**	**(1.7)**	**(5.8)**
Gross exposure at 30 June 2026	**47,546.8**	**3,989.9**	**626.0**	**230.4**	**52,393.1**

	Stage 1	Stage 2	Stage 3	POCI	Total
	£m	£m	£m	£m	£m
ECL at 31 December 2025	**12.0**	**24.9**	**20.2**	**8.1**	**65.2**
Transfers from stage 1 to 2	**(0.6)**	**10.7**	**-**	**-**	**10.1**
Transfers from stage 1 to 3	**-**	**-**	**2.1**	**-**	**2.1**
Transfers from stage 2 to 1	**0.3**	**(4.3)**	**-**	**-**	**(4.0)**
Transfers from stage 2 to 3	**-**	**(1.5)**	**3.7**	**-**	**2.2**
Transfers from stage 3 to 1	**-**	**-**	**(0.2)**	**-**	**(0.2)**
Transfers from stage 3 to 2	**-**	**0.4**	**(0.6)**	**-**	**(0.2)**
Changes in PDs/LGDs/EADs	**(3.4)**	**2.4**	**1.0**	**(0.6)**	**(0.6)**
New financial assets originated or purchased	**4.4**	**-**	**-**	**-**	**4.4**
Changes to model assumptions and methodologies	**1.0**	**7.0**	**1.8**	**0.2**	**10.0**
Unwind of discount	**-**	**-**	**0.6**	**0.2**	**0.8**
Financial assets derecognised during the period	**(0.5)**	**(1.5)**	**(1.7)**	**(0.5)**	**(4.2)**
Write-offs	**-**	**-**	**(1.5)**	**(0.2)**	**(1.7)**
PMA	**-**	**2.4**	**0.2**	**-**	**2.6**
ECL at 30 June 2026	**13.2**	**40.5**	**25.6**	**7.2**	**86.5**

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 66.9% (31 December 2025: 67.0%) of balances have been fully up to date for the last 24 months and only 17.4% (31 December 2025: 17.2%) of balances would be classified as in default.

	Up to date for the last 24 months	Some arrears in the last 24 months	Meets definition of default	Total
	£m	£m	£m	£m
At 30 June 2026				
Gross exposure	154.3	36.1	40.0	230.4
ECL	3.6	2.0	1.6	7.2
At 31 December 2025				
Gross exposure	165.5	39.1	42.5	247.1
ECL	4.2	2.1	1.8	8.1

10. Retirement benefit obligations

Reconciliation of funded defined benefit scheme

	30 June 2026	30 June 2025	31 December 2025
	£m	£m	£m
Present value of defined benefit obligation	**(486.4)**	(500.7)	(502.7)
Assets at fair value	**515.1**	528.8	530.9
Funded defined benefit asset	**28.7**	28.1	28.2

Unfunded defined benefit scheme

	30 June 2026	30 June 2025	31 December 2025

	£m	£m	£m
Present value of unfunded defined benefit scheme	**(7.1)**	**(7.1)**	(7.5)

The present value at 30 June 2026 of the unfunded defined benefit scheme was £7.1 million (31 December 2025: £7.5 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 2026 has been calculated using assumptions that are derived consistently with those used for the 31 December 2025 year end, allowing for updated market conditions.

Liabilities have decreased as a result of corporate bond yields increasing, which has subsequently increased the discount rate. Future long-term expectations of inflation have increased slightly.

Asset returns have fallen over the first half of the year. The overall surplus has increased by £0.9 million since 31 December 2025, due to both the assets and liabilities reducing as yields have risen, with assets falling to a lesser degree than the liabilities.

Summary of assumptions

	30 June 2026	**31 December 2025**
	% pa	% pa
Retail prices index (RPI) inflation	3.1	3.0
Consumer price index (CPI) inflation	2.6	2.4
Discount rate	5.9	5.5
Salary increases	3.9	3.7

11. Related parties

During the six months ended 30 June 2026, mortgage lending to key management personnel and their close family members was conducted in the ordinary course of business and on standard commercial terms.

The outstanding balance as at 30 June 2026 was £500k (31 December 2025: £500k). 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 222 to 224 of the 2025 Annual Report and Accounts.

12. Notes to the consolidated statement of cash flows

	Half-year to 30 June 2026	Half-year to 30 June 2025	Year to 31 December 2025
	£m	£m	£m
Non-cash or non-operating items included in profit before tax:			
Depreciation and amortisation	7.1	7.3	21.8
Loss/(profit) on sale of assets	-	(0.3)	2.1
Interest on subordinated liabilities	-	1.7	70.6
Impairment charge for the year	25.2	2.0	10.8
Provisions charge for the year	2.6	0.2	-
Non-cash movement in subordinated liabilities	30.1	62.0	44.7
Loss/(gain) on realisation of debt securities	0.2	(0.9)	0.1
Non-cash or non-operating items included in profit before tax	65.2	72.0	150.1
(Increase)/decrease in operating assets:			
Change in loans and advances to customers and related fair value adjustments for hedged risk, excluding impairment	(349.2)	(1,259.2)	(2,675.9)
Derivative financial assets	59.0	535.8	774.1
(Increase)/decrease in other assets and non-OCI element of retirement benefit surplus	(1.8)	3.4	(2.5)
Net increase in operating assets	(292.0)	(720.0)	(1,904.3)
Increase/(decrease) in operating liabilities:			
Shares and related fair value adjustments for hedged risk	393.8	(232.9)	895.6
Amounts owed to credit institutions	1,409.1	(216.1)	(832.0)
Non cash movements on debt securities	(47.0)	109.6	179.9
Other deposits	185.7	232.9	311.9

Derivative financial liabilities	(25.8)	(121.9)	(269.8)
Cash movements in other liabilities and provisions	(4.0)	7.2	9.1
Net increase/(decrease) in operating liabilities	1,911.8	(221.2)	294.7

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	
Period to 30 June 2026	£m	£m	£m	£m	£m	£m	£m
Debt securities in issue	5,425.2	(530.7)	-	(28.0)	(23.7)	4.8	4,847.6
Subordinated liabilities	1,472.4	-	-	-	34.1	(4.0)	1,502.5
Total	6,897.6	(530.7)	-	(28.0)	10.4	0.8	6,350.1
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
Year to 31 December 2025							
Debt securities in issue	5,019.3	(666.7)	892.7	125.1	10.4	44.4	5,425.2
Subordinated liabilities	1,453.3	(25.6)	-	-	(0.8)	45.5	1,472.4
Total	6,472.6	(692.3)	892.7	125.1	9.6	89.9	6,897.6

13. 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**	**Fair values**			**Total fair value**
			Level 1	**Level 2**	**Level 3**	
30 June 2026		**£m**	**£m**	**£m**	**£m**	**£m**
Assets						
Cash and balances with the Bank of England	1	6,934.9	6,934.9	-	-	6,934.9
Loans and advances to credit institutions	1	159.7	-	159.7	-	159.7
Loans and advances to customers	2	52,316.7	-	-	52,191.5	52,191.5
Debt securities - amortised cost		379.7	379.3	-	-	379.3
Liabilities						
Shares	3	53,318.2	-	53,143.7	-	53,143.7
Amounts owed to credit institutions		1,746.0	-	1,746.0	-	1,746.0
Other deposits		1,694.4	-	1,694.4	-	1,694.4
Debt securities in issue		4,847.6	4,020.8	826.0	-	4,846.8
Subordinated liabilities		1,502.5	1,523.2	-	-	1,523.2
30 June 2025						
Assets						
Cash and balances with the Bank of England	1	6,417.4	6,417.4	-	-	6,417.4
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		1,489.7	1,516.9	-	-	1,516.9
31 December 2025						
Assets						
Cash and balances with the Bank of England	1	6,043.6	6,043.6	-	-	6,043.6
Loans and advances to credit institutions	1	363.7	-	363.7	-	363.7
Loans and advances to customers	2	51,893.8	-	-	52,182.2	52,182.2
Debt securities - amortised cost		474.7	474.1	-	-	474.1
Liabilities						
Shares	3	52,913.7	-	52,880.4	-	52,880.4
Amounts owed to credit institutions		336.9	-	336.9	-	336.9
Other deposits		1,508.7	-	1,508.7	-	1,508.7
Debt securities in issue		5,425.2	4,468.8	972.7	-	5,441.5
Subordinated liabilities		1,472.4	1,496.2	-	-	1,496.2

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 £125.2 million (31 December 2025: £288.4 million greater), 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 2026, the estimated fair value of share balances, using a Level 2 method, is lower than the carrying value by £174.5 million (31 December 2025: £33.3 million lower).

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**		**Total fair value**
	Level 1	**Level 2**	**Level 3**	
30 June 2026	**£m**	**£m**	**£m**	**£m**
Debt securities - fair value through income statement	29.5	-	-	29.5
Debt securities - fair value through other comprehensive income	7,327.3	-	-	7,327.3
Derivative financial assets	-	636.9	-	636.9
Investments	-	-	0.8	0.8
Derivative financial liabilities	-	260.2	-	260.2
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
31 December 2025				
Debt securities - fair value through income statement	28.7	-	-	28.7
Debt securities - fair value through other comprehensive income	6,633.5	-	-	6,633.5
Derivative financial assets	-	678.9	-	678.9
Investments	-	-	0.8	0.8

Derivative financial liabilities	-	286.0	-	286.0

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.

14. Events occurring after the end of the reporting period

There have been no material post balance sheet events between 30 June 2026 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

22 July 2026

Tom Ranger

Chief Financial Officer

22 July 2026

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 2026 (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 2026;
- 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.

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.

Use 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

22 July 2026

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 2025 has been extracted from the audited Annual Accounts for that year. The Annual Accounts for the year ended 31 December 2025 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.

References to 'YBS Group' or 'Yorkshire Group' refer to Yorkshire Building Society, the trading names under which it operates (Chelsea Building Society, the Chelsea, Norwich & Peterborough Building Society, Norwich & Peterborough and N&P) and its subsidiary companies.

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