Our year so far

Half Year Results **2025**

Leeds Building Society

It's better to belong.

2025: Our Performance So Far

Gross residential lending

£2.6bn

(H1 2024: £2.6bn)

We helped **19,400** more people have the home they want including **9,600** first time buyers

Total assets

£32.0bn

(Dec 2024: £31.6bn)

Savings balances

£25.5bn

(Dec 2024: £24.5bn)

We helped **55,000** more people save for their future

Average savings rate[1]

4.11%

compared to the rest of the market average of 3.26%

Generating the equivalent of **£199.9m** extra annual interest for members

Statutory profit before tax

£104.4m

(H1 2024: £50.5m; underlying profit before tax[2]: £86.4m)

Common Equity Tier 1 Capital

25.8%

(Dec 2024: 25.7%)

Reserves available to ensure the Society remains resilient by having a strong capital base

Member satisfaction[3]

94%

(2024: 94%)

We have an ongoing commitment to be member focussed in everything we do

Colleague engagement[4]

8.4 out of 10

(2024: 8.4 out of 10)

We're committed to being a great place to work

1. Source: CACI's CSDB, Stock, June 2024 to May 2025, latest data available. CACI is an independent company that provides financial benchmarking data of the retail cash savings market. **2.** 2024 underlying profit before tax excludes one-off items. There have been no one-off items during the first six months of 2025. See page 4 for more information. **3.** Overall member satisfaction in a survey of 1,761 members from January to June 2025. **4.** Your Voice colleague survey, 1,653 respondents (89% response rate) in July 2025.

Interim Chief Executive Officer's Review

I am proud to report that the Society has delivered a strong performance in the first half of 2025, in an increasingly competitive environment. I am grateful to all of our colleagues, our members, and our intermediary partners for their contribution to our continued success, particularly in our 150th year.

In the first half of 2025 we grew our membership to over one million. This was a significant milestone that reflects continued confidence in our mutual model. We're continuing to return value to members through competitive and above average interest rates on savings, equating to an extra £199.9 million annually in members' pockets (30 June 2024: £135.0 million annual equivalent).

We're also continuing to advocate on the issues our members care about. As a Society, we have been vocal about the value of Cash ISAs, which provide certainty for people in retirement, those buying their first home, or those saving for major life events. I was reassured to hear the Chancellor's commitment to supporting the right balance between saving and investing to encourage economic growth in her Mansion House speech. We have supported calls for an industry-led campaign to promote the value of investing and believe this will be an important step in improving public awareness. People should have the knowledge and confidence to make the right decisions for them and their circumstances. While reforms to ISAs aren't completely off the table, we'll work with the Government and the wider sector to highlight the importance of cash savings and giving people a fair choice in where they keep their money.

I was pleased to step into the Chief Executive role on an interim basis in June in order to support our permanent Chief Executive, Richard Fearon, in prioritising time with his family. I have more than 35 years' experience in financial services and prior to my current role I was the Society's Senior Independent Director, having served on the Board since 2019. The Society's purpose of putting home ownership within reach of more people, generation after generation, remains an absolute commitment, both for me personally and for the Society as a whole.

In the first half of the year, we helped 9,600 first-time buyers secure a mortgage (30 June 2024: 7,800). March was a standout month, with a record-breaking 2,700 first-time buyer completions. This growth was supported by innovative mortgage products such as our Income Plus and Reach mortgages, which enable people to overcome affordability challenges and help them achieve the dream of buying their own home.

We know more needs to be done; to truly support first time buyers, we need action to ensure more affordable homes are built and to ensure government policies provide the right conditions both for the Society and for our members to thrive. We welcome the reforms of the planning system and mortgage lending rules recently introduced and will continue to campaign on issues that matter to our members, always driven by our purpose.

We achieved a profit before tax of £104.4 million (30 June 2024: £86.4 million[5]), which further reinforces our ability to invest in the long-term replacement of our core banking platform and future-proof our business. We maintained a strong capital and liquidity position throughout the period, with all capital ratios materially higher than the regulatory minima, in line with our prudent approach to protecting our long-term sustainability. Our Common Equity Tier 1 (CET 1) capital ratio was 25.8% at 30 June 2025 (31 December 2024: 25.7). Our cost to income ratio, after adjusting for transformation costs, remains excellent and is one of the lowest in the sector at 44.0% (30 June 2024: 47.3%).

In this milestone 150th anniversary year, we have continued to live our mutual values through action. The Society donated a share of £150,000 to five organisations that applied for a programme of grant funding. The funds will go towards action to support those in need of a safe and secure home across the country. In addition, we're continuing to help young people with experience of the care system alongside Barnardo's and have now raised more than £240,000 which will go towards funding the Barnardo's Gap homes programme.

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[5] Based on underlying profit before tax at 30 June 2024. Statutory profit before tax at 30 June 2024 was £50.5m including one-off items. There have been no one-off items during the first six months of 2025.

Interim Chief Executive Officer's Review (continued)

I'm proud of what we've delivered in the first half of 2025 and look forward to continuing to work with colleagues across the Society as we help members to achieve their goals. The level of competition within the savings and mortgages market has increased considerably over the course of the year and we expect this to continue throughout the rest of 2025. However, our first-half performance, coupled with our accomplished team, gives me real confidence in both our short-term future and our long-term vision to guide the Society forwards for generations to come.

2025 First Half Key Performance Indicators

Leeds Building Society is the fifth largest building society in the UK, with assets of £32.0 billion. As a mutual organisation we are owned by our members and we strive to act in their best interests as well as those of our wider stakeholders, both now and over the long term.

Our purpose is '**Putting home ownership within reach of more people – generation after generation**' and we've now been doing that for over 150 years. Like our founders, we believe more people should have the security of owning their own home. We are committed to supporting our members onto and up the housing ladder, as well as supporting them to remain in their home when faced with financial uncertainties. Our strategic drivers set out how we deliver on our purpose:

- **More responsive model** – it's our responsibility to serve members and society for generations. We will build foundations that are strong and responsive to the changing context we face.
- **Close-the-gap innovation** – there are too many barriers to people getting the home they deserve. We will be relentless in partnering and creating solutions to help people onto and up the ladder of home ownership.
- **Step-up savings** – savers are the lifeblood of our business. For them we will create experiences that are straightforward and human no matter the channel, and ensure that when people save with us, they save with purpose.

We measure our performance against our strategic drivers using a number of key performance indicators (KPIs), including both financial measures, as defined under International Financial Reporting Standards (IFRS), and non-financial measures. Alternative Performance Measures (APMs) used below are in common usage across the financial services industry and are useful in explaining the performance of the business. The APMs are defined on page 225 of the 2024 Annual Report and Accounts.

The KPIs for the first half of 2025 are shown below. The KPIs are the same as those used in the 2024 Annual Report and Accounts and comparative figures are shown for the full year unless otherwise stated.

Home ownership

First time buyers	**9,600** Six months to June 2024: 7,800	Our mortgage membership continues to grow, and we have maintained our high level of support for first time buyers across the UK. In the first half of 2025 we helped 9,600 first time buyers get onto the housing ladder. This is 23% higher than the same period in 2024 and represents around half of all new lending in the period. The increase in completions was supported by innovative mortgage products such as our Income Plus and Reach Mortgages, which help people overcome affordability or lower credit score challenges to get on the property ladder.
Profit before tax[6]	**£104.4 million** Six months to June 2024: £50.5 million (underlying profit before tax £86.4m)	Profit before tax has increased when compared to the same period in 2024. The increase was predominantly driven by a rise in net interest income which is related to the growth in our residential mortgage book. The prior period included three significant items which together suppressed underlying results by £35.9m.

[6] 2024 underlying profit before tax excludes three one-off items: 1) repurchase of the Society's Permanent Interest-Bearing Shares (PIBS), 2) the revaluation of our Head Office building and 3) the cost of the voluntary financial support we offered to those members who were impacted by the collapse of Philips Trust Corporation (PTC). Further information can be found on page 31 of the Society's 2024 Annual Report and Accounts.

2025 First Half Key Performance Indicators (continued)

More responsive model

Net interest margin[APM]	**1.26%** Six months to June 2024: 1.18%	Our net interest margin increased during 2024 and has remained broadly stable when compared to the second half of 2024 (1.24%). Further information is provided on page 9 within the Financial and Business Review.
Common Equity Tier 1 (CET1) ratio	**25.8%** 31 December 2024: 25.7%	Our CET1 ratio is in line with the prior period with profit generated offsetting increases in risk-weighted assets (RWAs). The Society remains in excess of all capital regulatory requirements and well placed to meet any future regulations.
UK leverage ratio	**5.5%** 31 December 2024: 5.5%	Our UK leverage ratio has remained comfortably above internal limits, through careful management of our Balance Sheet and profitability in a challenging environment.
Cost to income ratio[7] [APM]	**49.8% (44.0%*)** Year to December 2024: 51.7% (46.6%*) * Excluding transformation costs	We maintained a robust cost to income ratio during the six month period with a strong focus on balancing cost efficiency with the desire to increase member value through more resilient systems and improved service. We have increased the level of investment into our multi-year technology transformation programme, which will support operational efficiency, high customer service levels and technology resilience for many years into the future. Our cost ratios remain among the best in our sector and if we exclude transformation costs, the cost to income ratio becomes 44.0% and the cost to mean asset ratio 0.58%.
Cost to mean asset ratio [APM]	**0.66% (0.58%*)** Year to December 2024: 0.66% (0.59%*) * Excluding transformation costs	
Colleague engagement score[8]	**8.4 (out of 10)** Year to December 2024: 8.4	We are proud that we continue to have a highly engaged colleague workforce, as this remains integral to ensuring we deliver our purpose. This score places us in the top 25% for the UK financial services sector benchmark.

[7] For the purpose of this ratio, the PIBS buy-back in 2024 was excluded.
[8] Your Voice colleague survey, 1,653 respondents (89% response rate) in July 2025.

2025 First Half Key Performance Indicators (continued)

Close-the-gap innovation

New (gross) residential lending APM	**£2.6 billion** Six months to June 2024: £2.6 billion	Our purpose-focused product proposition has allowed us to support 19,400 new mortgage members in their home ownership aspirations, with almost half being first time buyers. We have delivered strong levels of gross lending during the six month period.
Net residential lending APM	**£1.2 billion** Six months to June 2024: £1.2 billion	Our strong volumes of new lending and competitive product transfer offering to existing customers reaching the end of their initial product term has enabled us to deliver consistent levels of net lending.
Number of days from mortgage application to offer	**11 days** Year to December 2024: 13 days	We are issuing mortgage offers faster, as shown by the reduced time between receiving an application and making an offer.
Broker Net Promoter Score (NPS)	**67 out of 100** Year to December 2024: 58	Our NPS has reached a record level and is the highest score we have achieved. The improvement is a result of our continued technology investment and our streamlined process for issuing offers.

Step-up savings

Savings balances	**£25.5 billion** 31 December 2024: £24.5 billion	We continue to attract more new savings members period on period with our competitive fixed and variable rate products. We have gained 55,000 new savings members so far this year, an increase of 15.8% compared to the same period last year.
Extra savings interest	**Extra interest of £199.9 million**[9] Year to December 2024: £175.0 million	We consistently pay above average market rates to our savers, paying an average of 4.11% compared to the rest of market average of 3.26%.
Member satisfaction[10]	**94%** Year to December 2024: 94%	During 2025 we have consistently delivered high service levels to our members, and this is reflected in our member satisfaction score.

[9] Source: CACI's CSDB, Stock, June 2024 to May 2025, latest data available. CACI is an independent company that provides financial benchmarking data of the retail cash savings market.
[10] Overall member satisfaction in a survey of 1,761 members from January to June 2025.

Financial and Business Review
for the six months ended 30 June 2025

Whilst the geopolitical and macroeconomic environment in the UK has remained uncertain throughout the first half of 2025, alongside increasing competition in the mortgage market, we have continued to support our members. We have furthered our purpose of putting home ownership within reach of more people, generation after generation, and are maintaining a sustainable and secure Society. This is demonstrated by a stable net interest margin and an increase in our profitability whilst sustaining strong balance sheet growth to record levels.

Financial performance

The Society has continued to maintain a strong capital base, a sustainable level of profitability and a robust funding position during the financial year to date. In turn, this has enabled us to continue to balance the interests of our savings and mortgage members throughout the first six months of 2025. We have achieved a statutory profit before tax for the period of £104.4 million (30 June 2024: £50.5 million statutory profit before tax, £86.4 million underlying profit before tax).

Serving our members for generation after generation requires investment and our multi-year technology transformation programme continues to progress at pace as we advance through the build phase of the project. The ultimate aim is to modernise our technology estate and deliver improvements to our customer experience, whilst setting us up for future success.

We have maintained focus on cost management in 2025 and have operated in a cost-conscious way. We continue to invest wisely and seek out opportunities for cost efficiency, meaning our cost to income ratio, after adjusting for IT transformation spend, continues to be one of the lowest in the financial services sector, at 44.0% (30 June 2024: 47.3%).

The Income Statement for the six months to 30 June 2025 is summarised below:

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Net interest income	**201.1**	170.9	362.9
Fees, commissions and other income/(expenses)[11]	**10.4**	(21.0)	(17.6)
Fair value (losses)/gains	**(1.0)**	4.6	10.3
Total income	**210.5**	154.5	355.6
Management expenses	**(104.8)**	(93.3)	(196.0)
Impairment (charge)/release on loans and advances to customers	**(2.2)**	1.8	5.7
Impairment of property, plant and equipment and intangible assets	**(0.2)**	-	(17.5)
Other provisions release/(charge)	**1.1**	(12.5)	(10.3)
Profit before tax	**104.4**	50.5	137.5
Tax expense	**(25.0)**	(12.3)	(37.6)
Profit after tax	**79.4**	38.2	99.9
Underlying profit before tax[12]	**104.4**	86.4	187.5

[11] 2024 comparative includes a one-off item. Further information can be found on page 32 of the Society's 2024 Annual Report and Accounts. There have been no one-off items during the first six months of 2025.
[12] 2024 underlying profit before tax excludes one-off items. There have been no one-off items during the first six months of 2025.

Financial and Business Review (continued)
for the six months ended 30 June 2025

Net interest income

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Net interest income	**201.1**	170.9	362.9
Mean total assets	**31,818.0**	29,069.8	29,879.3
	%	%	%
Net interest margin	**1.26**	1.18	1.21

Net interest income has increased by £30.2 million (17.7%) when compared to the six months to June 2024 and net interest margin has increased to 1.26%. Our residential mortgage book has increased by £2.6 billion over the last 12 months and this growth has had a positive impact on net interest income.

We use structural hedging to stabilise net interest margin over an average period of two years. When market interest rates are falling, as we have experienced during the first six months of the financial year, the Society benefits from the income generated from the fixed interest rate instruments that are designated in the hedge. The structural hedge has therefore contributed to the stability in net interest margin when compared to previous periods and this benefit is expected to continue over the short term.

The Society continues to attract members with its competitive savings proposition, which in turn has helped us to maintain a robust level of liquidity comfortably in excess of regulatory requirements. We have further optimised the income from our liquidity portfolio (i.e. investments in UK government securities and other securities rated highly by credit rating agencies) to boost our net interest income and support delivery of our purpose.

Across the previous two financial years, we made proactive choices to simplify our Balance Sheet, repurchasing wholesale debt and buying back Permanent Interest-Bearing Shares (PIBS). These decisions have reduced our interest payment obligations, and we have seen the benefit that these decisions have had on net interest income during the financial year to date.

Our focus on supporting members through competitive mortgage rates, combined with increasing competition in the mortgage market, as several of our peers followed our commitment to help first time buyers get on to the housing ladder, is putting downward pressure on our lending margins. Also, we have seen the Bank of England base rate reduce twice during the period. The June base rate reduction has been reflected in our standard variable rates meaning we will see the impact on net interest margin in the coming months. Despite these pressures, net interest margin is forecast to remain stable across the remainder of 2025, and we will continue to balance support for members with our sustainability over a multi-year horizon, guided by our purpose of putting home ownership within reach of more people, generation after generation.

Fees, commissions and other income

In January we successfully repurchased Senior Non-Preferred notes at a discounted rate which gave a £6.8m gain in the other income balance for this period. Following the repurchase, we were able to issue replacement notes at a more competitive price which results in lower interest payments. These savings in interest payable will be reinvested in delivering our purpose for the benefit of current and future members.

The amount reported in 2024 includes the upfront cost (£23.4 million) of our decision to simplify the Balance Sheet and repurchase our Permanent Interest-Bearing Shares (PIBS).

Fair value gains and losses

We hold certain financial assets and liabilities at their current fair value, defined as the value an independent third party would be willing to pay or receive, and the movement in this fair value is recognised in profit or loss. Changes in fair value are primarily due to movements in external market rates.

During the six months to June 2025, changes in market interest rates have resulted in fair value losses of £1.0 million (six months to June 2024: £4.6 million gain), comfortably within the expected range based upon recent market volatility. These losses were mainly recognised on interest rate swaps associated with fixed rate mortgage and savings products that were not in a hedge relationship and were partially offset by gains recorded on swaps transacted to manage the interest rate risk associated with the collateral loan which represents a pool of equity release mortgages.

Management expenses

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Colleague costs	**55.8**	51.6	106.1
Other administrative expenses	**31.2**	27.4	59.9
Depreciation and amortisation	**5.6**	5.1	10.6
Ongoing management expenses	**92.6**	84.1	176.6
IT transformation spend	**12.2**	9.2	19.4
Total management expenses	**104.8**	93.3	196.0

	%	%	%
Cost to income ratio[13] APM	**49.8**	52.4	51.7
Cost to income ratio excluding IT transformation spend	**44.0**	47.3	46.6
Cost to mean asset ratio APM	**0.66**	0.64	0.66
Cost to mean asset ratio excluding IT transformation spend	**0.58**	0.58	0.59

During the first half of 2025 we have increased the level of investment into our multi-year technology transformation programme, which will support operational efficiency, high customer service levels and technology resilience for many years into the future. We are in the build phase of our new core banking platform as we strive to modernise and improve the experience for our members and colleagues.

Our ongoing management expenses have increased by 10.1% when compared to the first half of 2024. Colleague costs have increased primarily due to annual salary increases as we have maintained our support for colleagues whilst inflation has remained high, with headcount remaining broadly flat over the period. A £3.8m increase in other administrative expenses was predominately driven by the introduction of the Bank of England levy accrual which is estimated to cost £4.0 million in 2025 (2024 cost £3.7m during the second half of that financial year). Overlooking the Bank of England levy, other administrative expenses have remained stable and ongoing management expenses have increased by 5.4%. As we continue to invest in improving our digital capability and our technology infrastructure, we expect to see a modest increase in depreciation and related technology costs.

Despite the increase in management expenses, we continue to operate in a cost-conscious way and are continuously looking to identify appropriate efficiencies whilst at the same time investing thoughtfully for the long-term future of the Society. Our cost ratios remain impressive for our sector and if IT transformation costs were excluded the cost to income ratio was 44.0% (six months to June 2024: 47.3%) and the cost to mean asset ratio was 0.58% (six months to June 2024: 0.59%).

[13] 2024 comparative excludes a one-off item, being the cost of repurchasing the Society's PIBS.

Financial and Business Review (continued)
for the six months ended 30 June 2025

Impairments and provisions

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Residential loans	**(2.2)**	1.6	4.8
Commercial loans	**-**	0.2	0.9
Total impairment (charge)/release on loans and advances to customers	**(2.2)**	1.8	5.7
Other impairments and provisions	**0.9**	(12.5)	(27.8)
Total impairments and provisions (charge)/ release	**(1.3)**	(10.7)	(22.1)

Residential impairment

We make provisions for expected credit losses (ECL) across all loans, based on the probability of each loan defaulting and resulting in a loss, while taking into account a range of assumptions about future economic scenarios and an assessment of whether the credit risk of the loan has increased.

The quality of the Society's mortgage book remains high, with arrears percentages marginally improving during the first half of 2025, despite ongoing cost pressures on households. At 30 June 2025, 0.56% (December 2024: 0.61%) of borrowers were greater than or equal to 3 months in arrears.

The UK economy showed momentary resilience in early 2025. However, heightened geopolitical uncertainty and risks have since weighed on market confidence, resulting in a weaker economic outlook. Our updated macroeconomic scenarios for impairment provisioning reflect expectations that the Bank of England base rate will continue to be reduced, while gross domestic product (GDP) is forecast to strengthen as inflation eases, albeit at a slower pace than expected in 2024. Additionally, we expect unemployment to rise modestly in the short term, before gradually easing as economic growth regains momentum. The geopolitical environment remains incredibly volatile and, whilst there has been no material impact on the Society, the future impacts remain inherently uncertain.

The key judgements and estimates involved in the calculation of impairment loss provisions, including the use of post model adjustments (PMAs), are set out in note 2 on pages 26 to 34.

A residential impairment charge of £2.2 million was recorded in the first half of 2025 (30 June 2024: £1.6 million release), primarily driven by updated macroeconomic scenarios. Due to heightened geopolitical uncertainty and the potential impact on the UK economy, we have reduced the weighting applied to the central scenario by 5% and have increased the weighting of the downside scenario. Total balance sheet impairment loss provisions against residential mortgages at 30 June 2025 were £46.2 million (31 December 2024: £45.4 million).

Other impairments and provisions

We have worked hard during the first half of 2025 to process the remaining financial support payments to those members who were impacted by the collapse of Philips Trust Corporation, with payments now totalling £7.5m. An updated assessment of the remaining cost of the financial support and associated legal costs was performed at 30 June 2025 and this resulted in a release of £1.1 million to the Income Statement.

The Income Statement charge reported in 2024 related to one-off costs in respect of the voluntary financial support we offered to those members who were impacted by the collapse of Philips Trust Corporation (30 June 2024: £12.5 million; 31 December 2024: £10.3 million) and also the recognition of a reduction in the carrying value of our Head office building (30 June 2024: nil; 31 December 2024: £16.3 million).

Balance sheet

Assets

Our continued lending and savings growth during the first half of 2025 is reflected in overall balance sheet growth. We have had a successful 4.9% increase in our residential mortgages balance from £24.4 billion at December 2024 to £25.6 billion at present.

Loans and advances to customers

	30 June 2025 £M	30 June 2024 £M	31 December 2024 £M
Residential mortgages	**25,638.8**	23,000.9	24,448.1
Commercial mortgages	**3.2**	5.3	3.3
Other loans	**142.4**	147.6	145.0
Impairment provision	**(46.8)**	(51.3)	(45.9)
Loans and advances to customers	**25,737.6**	23,102.5	24,550.5

	%	%	%
Proportion of mortgages in arrears[14]	**0.56**	0.69	0.61
Proportion of mortgages in arrears (UK)[12]	**0.55**	0.62	0.58
Balance-weighted average LTV of mortgage book	**54.9**	54.3	54.2
Balance-weighted average LTV of new lending	**67.1**	68.6	66.8

The Society's purpose is to enable home ownership, with a particular emphasis on first time buyers and affordable home ownership products such as shared ownership. The composition of our mortgage book reflects our segmental lending strategy of recent years, with mainstream owner-occupied making up the significant proportion of the book alongside a strong weighting of shared ownership. Buy to let remains important to us and supports our purposeful lending strategy.

Despite competition in the mortgage market intensifying during the first half of 2025, our gross new lending during the six month period was £2.6 billion (six months to June 2024: £2.6 billion) and net lending was £1.2 billion (six months to June 2024: £1.2 billion).

We continue to launch new innovative products to support our first time buyers and reached a record-breaking 2,700 first time buyer completions in one month in March.

The average loan to value (LTV) of new lending in 2025 was 67.1% (year to December 2024: 66.8%), reflecting our focus on purposeful lending, and our overall book LTV is currently 54.9% (December 2024: 54.2%).

[14] Greater than or equal to 3 months in arrears

Liquid assets

	30 June 2025 £M	30 June 2024 £M	31 December 2024 £M
Liquid assets	**5,593.0**	6,235.5	6,545.5
	%	%	%
Liquidity Coverage Ratio	**181**	184	183
Liquid assets as a percentage of shares and borrowings	**19.0**	22.8	22.5

Liquid assets are principally held in deposits at the Bank of England, investments in UK government securities, and investments in other securities. The level of liquidity required is closely monitored and considers forecasted and stressed outflows on a dynamic basis; this provides us with protection and flexibility considering the uncertain economic environment.

We maintained a strong liquidity position throughout the financial year to date and as at 30 June 2025, our Liquidity Coverage Ratio (LCR) was 181% (31 December 2024: 183%), which was significantly above minimum regulatory requirements (100%). The quality of liquid assets remains very high with 100% of our portfolio rated A or above (2024: 100%).

Liabilities

Our total funding has increased by £420.0 million in the year to date as we manage retail and wholesale funding in the best interests of our members.

Funding

	30 June 2025 £M	30 June 2024 £M	31 December 2024 £M
Shares (retail savings)	**25,517.9**	22,380.2	24,529.8
Wholesale funding	**3,967.1**	5,014.7	4,535.2
Total funding	**29,485.0**	27,394.9	29,065.0
	%	%	%
Wholesale funding as a proportion of total borrowing	**13.5**	18.3	15.6

Shares (retail savings)

Our savings members play a key role in allowing us to achieve our purpose of helping more people into home ownership and we remain dedicated to providing them with a secure and rewarding place for their money. During the financial year to date our total savings balances have grown by £1.0 billion to a record £25.5 billion. Our competitive savings propositions are seeing increasing numbers of members utilise our online channel and our branches, which remain extremely popular with our members. We are seeing our members have greater appetite for flexible savings products and choosing these to fulfil their needs.

Wholesale funding

Total wholesale funding at 30 June 2025 was £4.0 billion (31 December 2024: £4.5 billion). During the year to date we have raised £650 million of external wholesale funding through a successful Senior Non-Preferred (SNP) issuance[15] and our Albion No.7 residential mortgage backed securities (RMBS) issuance. The deals were very well received by the market and were competitively priced in comparison to similar deals.

[15] The SNP issuance was recognised in the ‘Subordinated liabilities” line in the Statement of Financial position

Wholesale funding (continued)

During the six month period we have continued to repay TFSME[16] and have reduced our outstanding balance to £630m (31 December 2024: £1,130m). We expect the remaining balance to be repaid by the end of 2025.

We maintain robust credit ratings from two key agencies reflecting our strong capital base, sustainable profitability and robust funding position. These ratings are unchanged from 31 December 2024.

	Long term senior unsecured	**Short term deposits**	**Outlook**
Moody's	A3	P-2	Stable
Fitch	A	F1	Stable

Regulatory capital

Capital	**30 June 2025 £M**	30 June 2024 £M	31 December 2024 £M
Common Equity Tier 1 (CET1) capital	**1,664.1**	1,539.4	1,584.9
Tier 2 capital	**9.7**	11.2	10.1
Total regulatory capital	**1,673.8**	**1,550.6**	**1,595.0**
Senior non preferred notes	**428.3**	350.3	351.1
Total MREL Eligible Resources	**2,102.1**	**1,900.9**	**1,946.1**
Risk-weighted assets (RWAs)	**6,444.4**	**5,991.3**	**6,171.0**
CRD V capital ratios	**%**	**%**	**%**
CET1 ratio	**25.8**	25.7	25.7
Total capital ratio	**26.0**	25.9	25.9
Total MREL ratio	**32.6**	31.7	31.5
UK leverage ratio*	**5.5**	5.8	5.5

*The UK leverage ratio represents the UK regulatory regime, which excludes deposits with central banks from the leverage exposure measure. The UK regime does not apply to the Society as the applicable threshold set by the regulator (>£50 billion of retail deposits) is considerably in excess of the Society's balance.

We hold capital to protect members against unexpected future losses. As we grow our mortgage book, the amount of capital we need to hold to meet the UK Capital Requirements Directive V (UK CRD V) increases.

We maintained a strong capital position throughout the period, with all capital ratios materially more than the regulatory minima. Our total capital ratio was 26.0% at 30 June 2025 (31 December 2024: 25.9%). We have used the Internal Ratings Based (IRB) approach to calculate our capital requirement for most of our residential mortgage book since 2018.

[16] Bank of England's Term Funding Scheme with additional incentives for SMEs

Financial and Business Review (continued)
for the six months ended 30 June 2025

Responsible Business

Climate impact
We are taking positive action to deliver against our climate ambitions, transition plan and near-term science-based targets, which cover our full value chain across scope 1, 2 and 3 emissions. Further information can be found on page 48 of the Society's 2024 Annual Report and Accounts.

Key focus areas during the first half of 2025 have been:

- Ongoing refurbishment of the branch network in line with our property strategy, which will enhance the energy efficiency of our properties.
- Further assessment of our supplier emissions methodology and proactive engagement with key suppliers to better understand their carbon footprint and medium-term plans for decarbonisation.
- Engaging industry bodies regarding plans to decarbonise the UK's housing stock and collaborating with third parties to help support members towards net zero.

Sustainable communities
We continue to support charities that align with our purpose and have donated over £260,000 to communities during the six month period, which is around 25% of our planned donations for the year.

2025 is our 150th anniversary year and we are celebrating this milestone with three new community initiatives:

Challenge 150 – this campaign aims to raise £150,000 in 2025 for our charity partner Barnardo's. Since launching our partnership with Barnardo's at our AGM last year, we've raised over £240,000 to support young people leaving the care system through our "Building Brighter Tomorrows" campaign. In 2025, our fundraising will help fit out Gap Homes in Lincoln and Glasgow, providing supported housing for young people during the crucial time when they first leave care.

Volunteer 150 – all colleagues receive 14 paid volunteering hours each year, which we reward with a £10 per hour donation to charities of their choice. In 2025, they receive an extra volunteering day to use for skills-based volunteering. So far this year, colleagues have volunteered over 2,000 hours, including decorating properties ready for survivors of modern slavery to move into, with Sheffield-based charity, The Snowdrop Project.

Fund 150 – this invites community organisations to apply for a share of £150,000 to support people to belong through housing and community and has seen over 300 applications so far. A panel of colleagues, representing all areas of the Society, will be deciding which organisations to support later this summer.

The Society has also increased its donation to the Leeds Building Society Foundation (the foundation) by an additional £100,000 to £400,000. The foundation has awarded £93,593 so far this year to UK registered charities supporting people in need of a safe and secure home. Three charities have received £89,243 in large grants, including funding for Leeds-based charity Behind Closed Doors who provide emotional and practical support to enable those who have left abusive situations rebuild their lives. Since its launch in 2022, the foundation has awarded over £1 million in large grants.

We're partnering with Become, the national charity for care-experienced young people, to deliver a tailored pre-tenancy training programme to help them maintain successful tenancies once they leave care. This has been successfully tested by a pilot group of young people in Hounslow, and we look forward to rolling it out further in the second half of this year.

Members raised an amazing £20,324 for charity by casting votes as part of our annual general meeting (AGM) in April. The Society donated 30p for every vote returned, with members able to choose to give to either Barnardo's or the foundation.

Risk Management Report
for the six months ended 30 June 2025

Our purpose of 'putting home ownership within reach of more people – generation after generation' can only be achieved if risks are identified, understood and managed effectively. By understanding the nature of our risks, we can make informed decisions to support delivery of our strategic objectives and protect our longer-term viability and members' interests.

Enterprise Risk Management Framework

To ensure that risks are appropriately managed across the organisation, we operate a board approved Enterprise Risk Management Framework (ERMF), which sets out a structured approach to identifying, assessing, controlling and monitoring risks.

Further information on our ERMF and its key components can be found on pages 63 to 66 of our 2024 Annual Report and Accounts.

Risk profile

The risks that the Society is exposed to fall into two separate categories, being principal and emerging risks:

Principal risks

We have identified eight principal risks, which are inherent within our strategy and have the potential to significantly impact performance or viability. These principal risk categories are outlined below and remain consistent with those disclosed within the 2024 Annual Report and Accounts.

Principal risk	Risk description
Credit risk	The risk that residential borrowers or wholesale counterparties fail to meet their financial obligations.
Funding and liquidity risk	The risk of insufficient funds to meet obligations as they fall due, or the inability to access funding at a reasonable cost.
Market risk	The risk that movements in interest rates or foreign currency adversely impact on our capital and earnings.
Capital risk	The risk that the Society has insufficient quality or quantity of capital resources to meet current or future regulatory and business requirements.
Model risk	The risk of adverse consequences from model errors or the inappropriate use of modelled outputs.
Operational risk	The risk of financial or reputational loss from inadequate or failed internal processes, people and systems or from external events. This incorporates resilience risk, which is the inability to maintain important business services in response to unexpected or adverse events.
Conduct risk	The risk that actual or potential customer detriment arises, or may arise, from the way the Society conducts its business.
Strategic/ business risk	The risk that the Society fails to formulate or execute an appropriate strategy and business model in response to the external environment, threatening our longer-term viability.

Further detail on the Society's principal risks and how they are managed is available on pages 67 to 89 of our 2024 Annual Report and Accounts.

Emerging risks

Emerging risks are new or evolving risks where the impact is uncertain, but they have the potential to materially impact the Society's performance or strategic objectives.

When assessing emerging risks, we consider the likelihood of the risk materialising and the potential impact on our business strategy and stakeholders. These risks are considered by the board and the Board Risk Committee (BRC) on an ongoing basis, as part of our strategic and business planning processes.

Risk Management Report (continued)
for the six months ended 30 June 2025

Emerging risks (continued)
The most significant emerging risks are described below, together with key developments and a summary of actions we are taking to manage the risk.

Macroeconomic risk	
Overview	**Mitigating actions**
• The UK macroeconomic environment presents a finely balanced picture. Whilst economic growth in 2025 is expected to be broadly in line with 2024, several headwinds remain prevalent that may influence the economic outlook during the remainder of 2025 e.g. geopolitical risks, rising inflation and the impact of any new policies announced in the Autumn Budget. • The Bank of England has reduced interest rates twice this year, bringing them to 4.25%. There is an expectation that the Bank of England will maintain a cautious approach toward adjusting monetary policy in the second half of the year. The pace and timing of future rate adjustments may influence market volatility and impact margins. • During H1 2025, the UK housing market was impacted by changes to stamp duty thresholds, whereby buyers expediated house purchases before the tax increases took effect in early April. Activity has subsequently softened, with the longer-term outlook dependent on the wider economy. As part of the UK's growth agenda, authorities are deliberating on whether to relax mortgage affordability rules. This will require careful consideration to avoid any unintended consequences within the financial system.	• Establishment of an appropriate corporate plan with performance closely monitored against trading ranges, early warning indicators and triggers by management and the board. • Horizon scanning and close monitoring of key economic data and forecasts to support timely management response. • Regular assessment of macroeconomic risks under both central and stressed conditions to understand and manage the impacts e.g. tightening of lending appetite (volume, risk premia and mix). • Robust levels of capital and liquidity are maintained to absorb periods of economic volatility, supported by frequent stress testing and sensitivity analysis to understand the impacts on our Balance Sheet. • Close monitoring of our lending portfolios and regular review of credit policies, criteria, and affordability assessments to ensure they remain appropriate for prevailing economic conditions. • Pre-delinquency strategies are deployed to proactively engage members who may find themselves in financial difficulty.

Geopolitical risks	
Overview	**Mitigating actions**
• The geopolitical environment has been highly volatile during H1 2025 with a number of emerging tensions and ongoing conflicts in Ukraine and the Middle East. • In particular, the introduction of trade tariffs has the potential to significantly impact the global economic outlook. • In addition, these tensions/conflicts have the potential to disrupt supply chains and increase cyber threats and economic crime.	• Horizon scanning and scenario testing to understand potential impacts from both a financial and operational perspective and develop appropriate response plans. • All new mortgage lending is restricted to the UK and exposures from our Treasury investments are closely monitored for geopolitical risks in line with our wholesale credit risk appetite. • Due diligence with our key suppliers to understand and manage third party exposures to geopolitical events. • Investment in our IT security and operational controls to improve overall resilience and ability to respond to evolving threats.

Emerging risks (continued)

Competition risk	
Overview	**Mitigating actions**
• We operate in highly competitive markets, increasing the risk of a loss of market share, reduced revenue, and lower profitability. During H1 2025 mortgage competition has been influenced by the changes to the Stamp Duty thresholds, whilst the retail funding market has been affected by the withdrawal of a central bank funding scheme (TFSME) and changes in interest rates. • Competition risks also relate to changes in UK policies/regulation as the government tries to stimulate homeownership, developments in digital technologies and the use of emerging technologies (e.g. artificial intelligence (AI)) for competitive gain, new market entrants (predominantly Fintechs) and changes in customer behaviour.	• The competitive landscape is regularly reviewed, and our product proposition updated accordingly. • Competition risks are considered as part of our strategic/business planning activities, which set the future path for strategic investment and development to ensure that we can adapt accordingly. • Further investment is being made in our service and digital capabilities to support our product offering, customer journeys and future scalability and flexibility.

Operational resilience risks	
Overview	**Mitigating actions**
• A significant operational risk event could result in disruption to important business services, leading to customer harm, financial or regulatory impacts, or reputational damage. • Such events could include the threat of cyber-attacks, third party failure, loss of data or service outages. • Recent high-profile attacks on the retail sector have highlighted the disruption cyber-attacks can cause to businesses. • Resilience to such threats and an ability to respond effectively remain essential to maintain service delivery and the trust of our members and the confidence of regulators.	• Resilience risks are monitored and managed through our Operational Resilience Framework, which includes regular scenario testing for potential resilience events. • Operational resilience processes are in place, which have been proven to demonstrate that our important business services can recover in a timely manner in the event of disruption. • We continue to invest in our IT security and operational controls to improve overall resilience and ability to respond to these evolving threats. The controls already in place to mitigate against cyber-attacks are regularly validated through testing by external security specialists to ensure that they remain appropriate. • We frequently monitor both the effectiveness of the services we receive, and the risks that third parties pose to us. This aims to ensure that should they be compromised, the Society can still provide its important business services.

Risk Management Report (continued)
for the six months ended 30 June 2025

Emerging risks (continued)

Change risk	
Overview	**Mitigating actions**
• Our change portfolio includes the delivery of a multi-year technology programme, other strategic initiatives and new regulatory requirements. • The volume of change activity could lead to increased execution, operational and people risks. • Failure to appropriately prioritise and deliver change on time and within agreed budgets may also inhibit our ability to achieve our purpose or strategic objectives.	• We continue to prioritise, manage and implement change in line with our strategic plans while assessing execution risks and taking appropriate mitigating action. • In addition, we continue to invest in our change management processes, leadership and colleague capabilities, capacity, and governance to better control the execution risks associated with large scale change. • We use independent external experts to provide assurance and board advice.

Technology risk	
Overview	**Mitigating actions**
• Innovation in relation to AI and associated technologies are creating new risks (and opportunities) as usage becomes more prevalent within financial services. • Key risks include model risk (e.g. bias and discrimination or models not operating as intended), data privacy and security (improper handling of data through AI processes), cyber security (exploitation of AI systems by malicious parties) and accuracy/transparency risk (AI systems trained on inaccurate data sources).	• We continue to monitor the development of these new AI technologies within financial services and are assessing how they could be incorporated into our operations on a test and learn basis. • Alongside this we are developing our internal risk and control frameworks to mitigate associated risks and investing in colleagues and tools to ensure we have the appropriate internal skills and capabilities to deploy AI solutions.

Climate change risk	
Overview	**Mitigating actions**
• Climate risk continues to be classified as an emerging risk due to uncertainty surrounding the exact nature and timing of the impact on our strategy and operations. Both transitional and physical risks could materially affect the Society's eight principal risks, with impacts dependent on the future path of climate change and timescales of government intervention and actions. • Stakeholder expectations continue to rise with regards to our management and response to climate risk, which could present heightened reputational risks. • During H1 2025, the Prudential Regulation Authority (PRA) published CP10/25, setting out revised regulatory expectations in relation to the identification and management of climate related risks for financial institutions.	• We have developed a Climate Strategy to support the orderly transition to a greener, net zero economy by 2050 or sooner. • As part of this strategy, near-term science-based emission reduction targets have been set for our full value chain. • A Climate Risk Management Framework (CRMF) has been implemented across the organisation, including use of climate risk factors and data in our mortgage lending policy and credit decisioning processes. We intend to review our CRMF against CP10/25 In the second half of 2025 to identify any areas of further improvement. • Refer to pages 47 to 60 of our 2024 Annual Report and Accounts for further information on how the Society manages the risks from climate change.

Condensed Consolidated Income Statement

	Notes	**Period to 30 Jun 2025 (Unaudited) £M**	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Interest receivable and similar income				
Accounted for using effective interest rate method	3	**685.9**	608.6	1,283.6
Other	3	**106.6**	164.4	308.5
Total interest receivable and similar income		**792.5**	773.0	1,592.1
Interest payable and similar charges	4	**(591.4)**	(602.1)	(1,229.2)
Net interest receivable		**201.1**	170.9	362.9
Fees and commissions receivable		**2.5**	2.4	5.1
Fees and commissions payable		**(0.6)**	(0.3)	(0.6)
Fair value (losses)/gains from financial instruments	6	**(1.0)**	4.6	10.3
Other operating income/(expense)	5	**8.5**	(23.1)	(22.1)
Total income		**210.5**	154.5	355.6
Administrative expenses	7	**(99.2)**	(88.2)	(185.4)
Depreciation and amortisation		**(5.6)**	(5.1)	(10.6)
Impairment (charge)/release on loans and advances to customers	8	**(2.2)**	1.8	5.7
Impairment of property, plant, equipment and intangible assets		**(0.2)**	-	(17.5)
Provisions release/(charge)	13	**1.1**	(12.5)	(10.3)
Operating profit and profit before tax		**104.4**	50.5	137.5
Tax expense	9	**(25.0)**	(12.3)	(37.6)
Profit for the period		**79.4**	38.2	99.9

All amounts relate to continuing operations.

The notes on pages 25 to 50 form part of these accounts.

Condensed Consolidated Statement of Comprehensive Income

	Period to 30 Jun 2025 (Unaudited)	Period to 30 Jun 2024 (Unaudited)	Year ended 31 Dec 2024 (Audited)
	£M	£M	£M
Profit for the period	**79.4**	38.2	99.9
Items that may subsequently be reclassified to profit and loss:			
Fair value (losses)/gains recorded in cash flow hedge reserve	**(10.5)**	16.2	19.1
Gains previously recorded in cash flow hedge reserve amortised through profit or loss	**(15.1)**	(14.7)	(27.9)
Fair value gains/(losses) on investment securities measured at fair value through other comprehensive income	**8.0**	(5.2)	(18.1)
Losses/(gains) on investment securities measured through other comprehensive income reclassified to profit or loss on disposal	**0.8**	(0.6)	(1.3)
Tax relating to items that may subsequently be reclassified	**0.3**	1.3	7.0
Effect of change in corporation tax rate	**-**	-	0.8
Items that may not subsequently be reclassified to profit and loss:			
Actuarial gain/(loss) on retirement benefit surplus	**1.3**	(0.8)	0.7
Change in asset ceiling on retirement benefits	**(1.3)**	-	(4.2)
Tax relating to items that may not be reclassified	**-**	0.2	0.9
Effect of change in corporation tax rate	**-**	-	0.1
Total comprehensive income for the period	**62.9**	34.6	77.0

Condensed Consolidated Statement of Financial Position

	Notes	30 Jun 2025 (Unaudited) £M	30 Jun 2024 (Unaudited) £M	31 Dec 2024 (Audited) £M
Assets				
Liquid assets				
Cash in hand and balances with the Bank of England		**1,351.7**	3,649.6	2,443.2
Loans and advances to credit institutions		**135.2**	181.9	152.3
Investment securities		**4,106.1**	2,404.0	3,950.0
Derivative financial instruments		**203.3**	445.1	371.1
Loans and advances to customers	10			
Loans fully secured on residential property		**25,592.1**	22,950.8	24,402.7
Other loans		**145.5**	151.7	147.8
Fair value adjustment for portfolio hedged risk on loans and advances to customers		**33.6**	(234.5)	(173.1)
Other assets, prepayments and accrued income	11	**371.2**	332.6	238.1
Current tax assets		**0.1**	14.7	-
Intangible assets		**39.4**	31.9	35.1
Property, plant and equipment		**45.1**	63.7	45.4
Retirement benefit surplus	12	**-**	2.1	-
Total assets		**32,023.3**	29,993.6	31,612.6
Liabilities				
Shares		**25,517.9**	22,380.2	24,529.8
Fair value adjustment for portfolio hedged risk on shares		**15.9**	1.2	8.8
Derivative financial instruments		**129.6**	144.4	98.0
Amounts owed to credit institutions		**929.5**	1,288.4	1,244.2
Amounts owed to other customers		**200.3**	137.8	159.3
Debt securities in issue		**2,837.3**	3,588.5	3,131.7
Other liabilities and accruals		**136.5**	392.9	347.3
Current tax liabilities		**-**	-	0.6
Deferred tax liabilities		**25.0**	34.1	25.6
Provisions for liabilities and charges	13	**1.5**	13.8	4.2
Retirement benefit obligation	12	**0.5**	-	0.5
Subordinated liabilities		**438.0**	326.3	334.2
Subscribed capital		**8.0**	8.0	8.0
Total liabilities		**30,240.0**	28,315.6	29,892.2
General reserve		**1,726.6**	1,586.2	1,647.2
Cash flow hedge reserve		**48.2**	75.4	66.6
Fair value reserve		**(7.4)**	0.5	(9.3)
Revaluation reserve		**1.6**	1.6	1.6
Other reserve		**14.3**	14.3	14.3
Total liabilities and equity		**32,023.3**	29,993.6	31,612.6

Condensed Consolidated Statement of Changes in Members' Interest

Period to 30 June 2025	General reserve £M	Cash flow hedge reserve £M	Fair value reserve £M	Revaluation reserve £M	Other reserve* £M	Total equity attributable to members £M
At 1 January 2025 (Audited)	**1,647.2**	**66.6**	**(9.3)**	**1.6**	**14.3**	**1,720.4**
Comprehensive income/ (expense) for the period	**79.4**	**(18.4)**	**1.9**	**-**	**-**	**62.9**
At 30 June 2025 (Unaudited)	**1,726.6**	**48.2**	**(7.4)**	**1.6**	**14.3**	**1,783.3**

Period to 30 June 2024	General reserve £M	Cash flow hedge reserve £M	Fair value reserve £M	Revaluation reserve £M	Other reserve* £M	Total equity attributable to members £M
At 1 January 2024 (Audited)	1,548.5	74.3	4.7	1.6	14.3	1,643.4
Comprehensive income/ (expense) for the period	37.7	1.1	(4.2)	-	-	34.6
At 30 June 2024 (Unaudited)	1,586.2	75.4	0.5	1.6	14.3	1,678.0

Year ended 31 December 2024	General reserve £M	Cash flow hedge reserve £M	Fair value reserve £M	Revaluation reserve £M	Other reserve* £M	Total equity attributable to members £M
At 1 January 2024 (Audited)	1,548.5	74.3	4.7	1.6	14.3	1,643.4
Comprehensive income/ (expense) for the year	98.7	(7.7)	(14.0)	-	-	77.0
At 31 December 2024 (Audited)	1,647.2	66.6	(9.3)	1.6	14.3	1,720.4

*Other reserve relates to the 2006 merger with Mercantile Building Society.

Condensed Consolidated Statement of Cash Flows

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Profit before tax	**104.4**	50.5	137.5
Adjusted for:			
Impairment charge/(release)	**2.2**	(1.8)	(5.7)
Provisions (release)/charge	**(1.1)**	12.5	10.3
Depreciation and amortisation	**5.6**	5.1	10.6
Impairment of property, plant and equipment and intangible assets	**0.2**	-	17.5
Fair value of collateral loan which represents a pool of equity release mortgages	**0.4**	5.6	7.6
Non-cash and other items	**(32.9)**	12.8	11.2
Cash generated from operations	**78.8**	84.7	189.0
Changes in operating assets and liabilities:			
Derivative financial instruments	**4.6**	(9.7)	(33.1)
Loans and advances to customers	**(1,189.7)**	(1,165.0)	(2,611.2)
Loans and advances to credit institutions	**-**	77.8	77.8
Other operating assets	**(133.1)**	(108.4)	(12.9)
Shares	**988.1**	1,587.2	3,736.8
Amounts owed to credit institutions and other customers	**(273.5)**	(613.1)	(635.7)
Other operating liabilities	**(211.7)**	93.4	41.0
Taxation paid	**(26.0)**	(17.1)	(28.2)
Net cash flows from operating activities	**(762.5)**	(70.2)	723.5
Cash flows from investing activities			
Purchase of investment securities	**(2,398.3)**	(1,199.3)	(5,124.3)
Proceeds from sale and redemption of investment securities	**2,276.1**	1,314.0	3,689.3
Purchase of intangible assets	**(8.0)**	(5.2)	(12.4)
Purchase of property, plant and equipment	**(1.7)**	(1.3)	(3.0)
Net cash flows from investing activities	**(131.9)**	108.2	(1,450.4)
Cash flows from financing activities			
Net proceeds from issue of debt securities	**370.0**	904.4	910.1
Net proceeds from issue of subordinated liabilities	**299.2**	-	-
Repayments of debt securities in issue	**(665.7)**	(27.7)	(503.8)
Repayments of subordinated liabilities	**(217.0)**	-	-
Repayments of subscribed capital	**-**	(48.4)	(48.4)
Principal lease payments	**(0.7)**	(0.7)	(1.4)
Net cash flows from financing activities	**(214.2)**	827.6	356.5
Net increase/(decrease) in cash and cash equivalents	**(1,108.6)**	865.6	(370.4)
Cash and cash equivalents at the beginning of the period	**2,595.5**	2,965.9	2,965.9
Cash and cash equivalents at the end of the period	**1,486.9**	3,831.5	2,595.5

Additional information on operational cash flows from interest			
Interest paid	**593.2**	556.0	1,164.7
Interest received	**685.9**	608.6	1,283.6

Notes to the Accounts

1. General information

(a) Reporting period

The unaudited Interim Financial Report shows the financial performance of the Group for the six months to 30 June 2025 and the financial position of the Group as at that date.

(b) Basis of preparation and accounting policies

These condensed consolidated financial statements for the six month period ended 30 June 2025 have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* (IAS 34), as contained in UK-adopted international accounting standards (UK IAS). They do not include all the information required by International Financial Reporting Standards (IFRS) in full annual financial statements and should therefore be read in conjunction with the Annual Report and Accounts for the year ended 31 December 2024, which were prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Building Societies Act 1986 and with those parts of the Building Societies (Accounts and Related Provisions) Regulations 1998 (as amended) that are applicable.

The information in these interim condensed consolidated financial statements is unaudited and does not constitute annual accounts within the meaning of Section 72 of the Building Societies Act 1986 (the Act). Group accounts for the year ended 31 December 2024 have been filed with the Financial Conduct Authority (FCA) and PRA and contained an unqualified audit report, which did not draw attention to any matters by way of emphasis and did not contain any statements under Section 78 of the Act.

These financial statements are presented in sterling and have been rounded to the nearest one hundred thousand pounds.

A copy of the Interim Financial Report is placed on the 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.

(c) Accounting developments

The information on future accounting developments and their potential effect on the financial statements is provided in note 1(b) of the 2024 Annual Report and Accounts.

(d) Taxation

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar 2 Model Rules. In July 2023 the Pillar 2 legislation was enacted in the UK, the jurisdiction in which the Group operates. The Pillar 2 legislation came into effect for accounting periods beginning on or after 1 January 2024. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar 2 income taxes, as provided in the amendments to IAS 12 *Income Taxes* issued in May 2023.

Within Pillar 2, the Global anti-Base Erosion (GloBE) rules are designed to ensure large multinational enterprises pay a minimum level of tax on the income arising in each jurisdiction where they operate. Where the legislation applies, a group is liable to pay a top-up tax for the difference between its GloBE effective tax rate (ETR) per jurisdiction and the 15% minimum rate. Based on an assessment of the current and historical periods, all entities within the group are expected to have an ETR that exceeds 15%. Therefore, there is not expected to be a top-up tax charge on the Group where the legislation does apply, although this is based on estimated calculations as the Group is currently engaged with tax specialists to develop a detailed application of the rules, and will depend upon the financial results at the time of each assessment. The Group will therefore continue to review this position at each reporting date.

Notes to the Accounts (continued)

1. General information (continued)

(e) Segmental reporting

As reported in note 1(n) of the 2024 Annual Report and Accounts, the Group has determined that it has one reportable segment under IFRS 8 *Operating Segments* and therefore no separate segmental reporting is provided.

(f) Going concern

The directors review the results of regular forecasts and stress tests to understand the potential financial and operational performance of the business under a range of economic and market conditions. This informs their assessment of whether the Group is a going concern. These assessments reflect the potential impacts of the principal and emerging risks set out on pages 62 to 89 of the 2024 Annual Report and Accounts. An update on emerging risks is provided on pages 17 to 19 of this report. The directors have prepared the 2025 Interim Financial Report on a going concern basis after conducting an assessment. This presumes that the Society will continue in operation to 31 July 2026, representing a period of at least 12 months from the date of signing of the 2025 Interim Financial Report.

The directors have concluded that:

- The Group has proven access to liquidity resources, including access to central bank funding facilities if required, sufficient to meet both the normal demands of the Society and the requirements which might arise in modelled stressed circumstances. The availability and quality of liquid assets are structured so that funds are available to repay any maturing wholesale funds and cover exceptional demand from retail investors.
- The Group's other assets consist primarily of mortgages secured on residential property. The recoverability of all mortgage assets is regularly reviewed, and provisions are made, incorporating a forward looking view of expected losses under a range of macroeconomic scenarios, so that the Group is not exposed to losses on these assets which would impact its decision to adopt the going concern basis.
- The Group's current capital resources are sufficient to meet regulatory requirements. Having reviewed future plans and forecasts, the directors consider that plans for future capital generation are sufficient to maintain capital in excess of regulatory requirements, under both central and modelled stressed scenarios, taking into consideration known changes to future regulatory requirements.

The directors have therefore concluded that there is no material uncertainty in relation to the Group's continuation as a going concern and therefore it is appropriate to adopt the going concern basis in the preparation of the Interim Financial Report.

2. Critical accounting estimates and judgements

The preparation of the Interim Financial Report involves making judgements in the application of accounting policies which affect the amounts recognised in the financial statements. In addition, the Group makes estimates and assumptions which could affect the reported amounts of assets and liabilities during the remainder of the financial year and beyond. The critical judgements and estimates which have a significant impact on the financial statements are described in note 2 of the 2024 Annual Report and Accounts.

The critical judgements and estimates which have a significant impact on the Interim Financial Report are described below.

The significant estimates required for the calculation of impairment loss provisions are forecast UK macroeconomic variables, the probability weightings of the macroeconomic scenarios used and the approach to post model adjustments.

2. Critical accounting estimates and judgements (continued)

(a) Significant accounting estimates and assumptions

(i) Impairment losses on loans and advances to customers

Macroeconomic scenarios and probability weightings

The Group has used four macroeconomic scenarios (30 June 2024: four; 31 December 2024: four), which are considered to represent a range of possible outcomes, in determining impairment loss provisions. The scenarios have been revised during the period and reflect that, despite recent economic resilience, there is still downside risk due to continued volatility and uncertainty in the external environment.

A summary of each of the four revised macroeconomic scenarios and weightings is as follows:

	30 Jun 2025	**30 Jun 2024**	**31 Dec 2024**
Central scenario Central scenario reflecting that the external environment remains volatile and uncertain. The scenario anticipates that GDP starts to strengthen as the rate of inflation reduces. Unemployment decreases slightly as more jobs become available to meet increased activity. Bank base rate (BBR) is anticipated to decline gradually before stabilising and remaining steady in the later years.	**45%**	50%	50%
Downside scenario Downside scenario as modelled in the Group's risk management process reflecting a '1 in 20' stress scenario, with weak consumer spending resulting in a reduction in GDP, a rise in unemployment and reductions in house prices as demand falls due to weaker affordability. The scenario assumes that BBR initially rises to help to reduce an entrenched level of higher inflation, before being cut in order to tackle the effects of the would-be recession on the UK economy.	**30%**	25%	25%
Alternative scenario Alternative scenario representing a more severe downturn than in the downside scenario. This initially has very high levels of persistent inflation resulting in a period of higher BBR to reduce demand, with the economy then subject to a further external shock resulting in sharp falls to consumer confidence, steep falls in demand, and falling growth. These conditions drive peak unemployment to 8.4%, with a fall in demand across the housing market, causing greater reductions in house prices in the earlier years of the forecast. As demand collapses, BBR is then reduced quickly to try to stimulate the economy.	**10%**	15%	10%
Growth scenario Growth scenario representing a more optimistic view of the current economic outlook than assumed in the central scenario, including higher gross domestic product growth as the economy continues to be resilient to the current interest rate environment and rates of inflation decline more markedly.	**15%**	10%	15%

Scenarios are developed by the Group based on analysis of third-party published economic data and forecasts. The relative weighting of the macroeconomic scenarios is derived by determining the point in the economic cycle at which the UK economy sits at the date of the Statement of Financial Position. This indicates a possible range of outcomes for each scenario based on defined boundaries. Management judgement is then applied to determine the appropriate point within the ranges, informed by current relevant market, macroeconomic and political factors and the degree of uncertainty inherent in the UK economy.

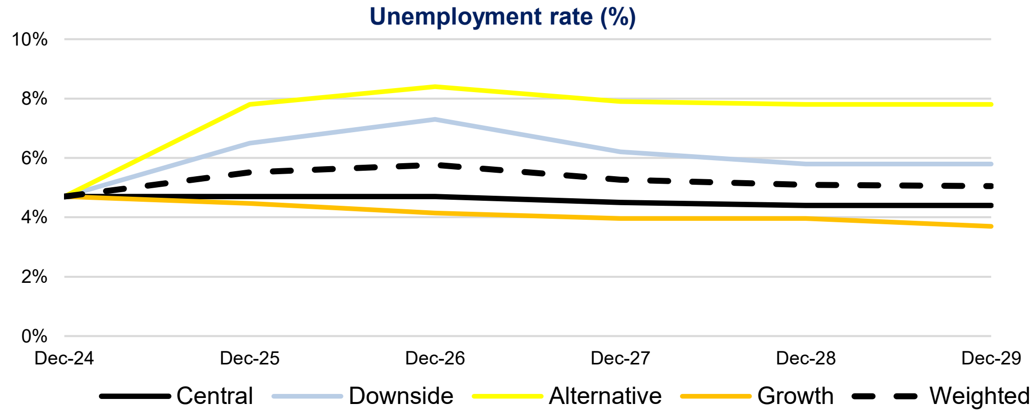
2. Critical accounting estimates and judgements (continued)

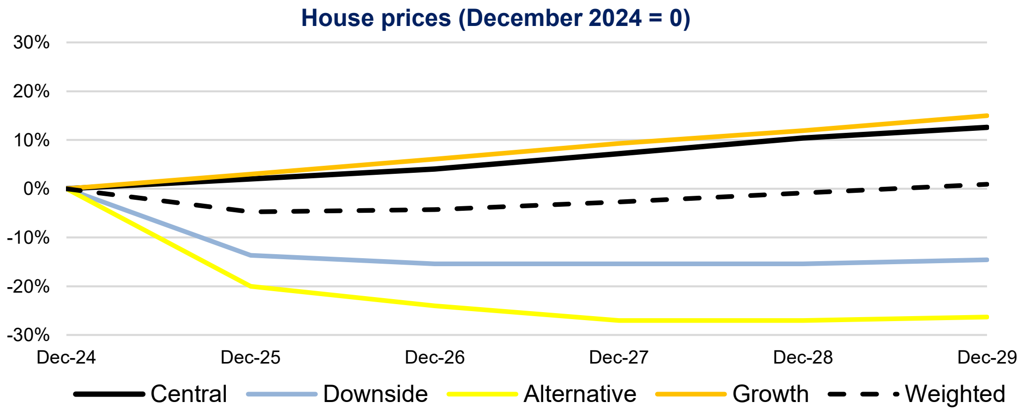
(b) Significant accounting estimates and assumptions (continued)
(ii) Impairment losses on loans and advances to customers (continued)

At 30 June 2025, we continue to believe the economic cycle is in an early growth phase. However, given the heightened levels of external uncertainty and geopolitical risks to the global economy, we have applied more weighting to the downside scenario and reduced the weighting on the central scenario.

The tables on pages 29 and 30 show the macroeconomic assumptions used in each scenario. The variables with the most significant impact on the calculated impairment loss provisions are house price inflation and unemployment rate. The tables show the full year rates for house price inflation and GDP growth, together with the year-end position for unemployment rate and base rate. Beyond the five-year period shown, assumptions move towards historic long run averages over the following five years and then remain constant at these rates thereafter.

The charts below illustrate the unemployment assumptions and the cumulative impact of the annual house price inflation assumptions across all four scenarios.





In addition to being highly sensitive to unemployment and house price inflation, GDP and BBR remain key drivers within the scenarios and the forward economic outlook. The rates applied to all key measures are shown below for the five-year forecast period:

Notes to the Accounts (continued)

2. Critical accounting estimates and judgements (continued)

(c) Significant accounting estimates and assumptions (continued)
(iii) Impairment losses on loans and advances to customers (continued)

Macroeconomic assumptions as at 30 June 2025

Scenario/ weighting	Assumption	2025 %	2026 %	2027 %	2028 %	2029 %
Central 45%	House price inflation	2.00	2.00	3.00	3.00	2.00
	Unemployment rate (31 December)	4.70	4.70	4.50	4.40	4.40
	Gross domestic product growth	1.00	1.30	1.50	1.50	1.50
	Base rate (31 December)	3.75	3.50	3.50	3.25	3.25
		Year 1	Year 2	Year 3	Year 4	Year 5
Downside 30%	House price inflation	(13.70)	(2.00)	-	-	1.00
	Unemployment rate (31 December)	6.50	7.30	6.20	5.80	5.80
	Gross domestic product growth	(0.75)	(1.25)	1.00	1.00	1.00
	Base rate (31 December)	6.00	3.00	0.75	0.25	0.25
Alternative downside 10%	House price inflation	(20.00)	(5.00)	(4.00)	-	1.00
	Unemployment rate (31 December)	7.80	8.40	7.90	7.80	7.80
	Gross domestic product growth	(0.20)	(4.20)	2.10	1.50	1.50
	Base rate (31 December)	6.50	4.50	1.00	0.10	0.10
Growth 15%	House price inflation	3.00	3.00	3.00	2.40	2.75
	Unemployment rate (31 December)	4.50	4.10	4.00	4.00	3.70
	Gross domestic product growth	1.60	2.00	2.00	2.00	2.10
	Base rate (31 December)	3.75	3.50	3.25	3.00	3.00

Macroeconomic assumptions as at 30 June 2024

Scenario/ weighting	Assumption	2024 %	2025 %	2026 %	2027 %	2028 %
Central 50%	House price inflation	(2.00)	2.00	3.00	3.00	2.50
	Unemployment rate (31 December)	4.60	4.50	4.30	4.20	4.20
	Gross domestic product growth	0.80	1.50	1.50	1.50	1.50
	Base rate (31 December)	4.75	4.50	4.00	3.75	3.75
		Year 1	Year 2	Year 3	Year 4	Year 5
Downside 25%	House price inflation	(13.70)	(2.00)	-	-	1.00
	Unemployment rate (31 December)	6.50	7.30	6.20	5.80	5.80
	Gross domestic product growth	(0.75)	(1.25)	1.00	1.00	1.00
	Base rate (31 December)	6.00	3.00	0.75	0.25	0.25
Alternative downside 15%	House price inflation	(20.00)	(5.00)	(4.00)	-	1.00
	Unemployment rate (31 December)	7.80	8.40	7.90	7.80	7.80
	Gross domestic product growth	(0.20)	(4.20)	2.10	1.50	1.50
	Base rate (31 December)	6.50	4.50	1.00	0.10	0.10
Growth 10%	House price inflation	3.00	3.00	3.00	3.00	2.75
	Unemployment rate (31 December)	4.30	4.00	3.80	3.80	3.80
	Gross domestic product growth	1.90	2.00	2.00	2.00	2.10
	Base rate (31 December)	4.00	3.50	3.25	3.00	3.00

Notes to the Accounts (continued)

2. Critical accounting estimates and judgements (continued)

(d) Significant accounting estimates and assumptions (continued)
(iv) Impairment losses on loans and advances to customers (continued)

Macroeconomic assumptions as at 31 December 2024

Scenario/ weighting	Assumption	2025 %	2026 %	2027 %	2028 %	2029 %
Central 50%	House price inflation	2.80	3.00	3.00	2.50	2.50
	Unemployment rate (31 December)	4.40	4.30	4.20	4.20	4.20
	Gross domestic product growth	1.50	1.60	1.60	1.60	1.50
	Base rate (31 December)	4.00	3.50	3.25	3.25	3.25
		Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**
Downside 25%	House price inflation	(13.70)	(2.00)	-	-	1.00
	Unemployment rate (31 December)	6.50	7.30	6.20	5.80	5.80
	Gross domestic product growth	(0.75)	(1.25)	1.00	1.00	1.00
	Base rate (31 December)	6.00	3.00	0.75	0.25	0.25
Alternative downside 10%	House price inflation	(20.00)	(5.00)	(4.00)	-	1.00
	Unemployment rate (31 December)	7.80	8.40	7.90	7.80	7.80
	Gross domestic product growth	(0.20)	(4.20)	2.10	1.50	1.50
	Base rate (31 December)	6.50	4.50	1.00	0.10	0.10
Growth 15%	House price inflation	4.20	3.00	3.00	3.00	2.75
	Unemployment rate (31 December)	4.20	4.00	3.80	3.80	3.70
	Gross domestic product growth	1.90	2.20	2.20	2.20	2.10
	Base rate (31 December)	4.00	3.50	3.25	3.00	3.00

Modelled residential impairment loss provisions totalled £31.1 million at 30 June 2025 (30 June 2024: £33.2 million; 31 December 2024: £29.9 million), with PMAs of £15.1 million (30 June 2024: £16.9 million; 31 December 2024: £15.5 million) contributing to total provisions of £46.2 million (30 June 2024: £50.1 million; 31 December 2024: £45.4 million). The increase in modelled loss provisions since the year end has largely been driven by changes to the economic scenarios, particularly the scenario weightings, reflecting heightened uncertainty in the economic and geopolitical outlook.

The sensitivity of modelled impairment loss provisions at 30 June 2025 to changes in key individual macroeconomic variables, with all other assumptions held constant, is illustrated below. Note that due to the interaction between different economic variables within the impairment loss provision models, the impacts of such single variable sensitivities may be distorted and are not representative of realistic alternative scenarios.

The impact of changing the assumption for annual house price inflation in each of the first two years of the central scenario is as follows:

	+ 10.0 percentage points	+ 5.0 percentage points	- 5.0 percentage points	- 10.0 percentage points
(Decrease)/increase in impairment loss provisions (£M)	(1.4)	(0.8)	1.1	2.5

Notes to the Accounts (continued)

2. Critical accounting estimates and judgements (continued)

(d) Significant accounting estimates and assumptions (continued)
(iv) Impairment losses on loans and advances to customers (continued)

The impact of changing the assumption for unemployment in each of the first two years of the central scenario is as follows:

	+ 2.0 percentage points	+ 1.0 percentage points	- 1.0 percentage points	- 2.0 percentage points
Increase/(decrease) in impairment loss provisions (£M)	2.5	1.0	(0.3)	(0.4)

In practice the above variables are unlikely to move in isolation. The combined impact of movements in a number of variables can be illustrated by the sensitivity of provisions to scenario weightings. The table below shows the movement in impairment loss provisions if each of the scenarios were weighted 100%:

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
(Decrease)/increase in impairment loss provisions if scenarios are weighted 100%			
Central	**(13.3)**	(14.8)	(12.3)
Downside	**10.5**	9.6	12.8
Alternative downside	**88.5**	83.7	91.9
Growth	**(14.0)**	(15.3)	(12.8)

The total residential impairment loss provisions (including PMAs) if the central scenario was weighted 100% would be £32.9 million (31 December 2024: £33.1 million) compared to £46.2 million (31 December 2024: £45.4 million) when the scenarios are weighted. Changes to macroeconomic assumptions, as expectations change over time, are likely to lead to volatility in impairment loss provisions and may lead to procyclicality in the recognition of impairment losses.

PMAs (judgemental adjustments)

At 30 June 2025, the total of PMAs applied by the Group was £15.1 million (30 June 2024: £16.9 million; 31 December 2024: £15.5 million). These adjustments were applied to cover the following:

- The potential impacts of inflationary pressures, the cost of living crisis and residential mortgage rate increases on member affordability, although it is noted that the stressed affordability assessments performed when mortgages are originated provide assurance that the majority of members can absorb some level of affordability stress.
- The risk associated with recent purpose-led lending, e.g. higher average LTV and loan to income (LTI) profile than the Group's existing mortgage book, assessed with a reduced affordability stress buffer following regulatory changes. There is uncertainty around how this segment of new lending will perform compared to lower risk mortgages in the Group's portfolio. The adjustment also addresses the risks associated with the calibration of the ECL models using Covid-19 impacted possessions data, which may underestimate the probability of possession following a default event.
- Uncertainty over the timing of remediation of cladding issues in high rise flats. This could result in lower valuations and challenges obtaining new mortgages on these properties, with the potential to impact on the value of the Group's collateral and thus calculated losses in the event of default.
- The risk of inherent bias in house price indexes for a specific cohort of properties in the Group's portfolio following the Covid-19 pandemic. This could result in higher valuations and lead to the calculation of understated losses in the event of default.

2. Critical accounting estimates and judgements (continued)

(d) Significant accounting estimates and assumptions (continued)
(iv) Impairment losses on loans and advances to customers (continued)

Affordability PMA

The potential impact of current high levels of inflation on mortgage affordability has been estimated by uplifting customers' recorded expenditure (having adjusted for wage inflation) to identify those accounts that could be at risk of having a shortfall against their monthly mortgage payments, depending on individual financial resilience levels. A forward looking assessment has also identified those accounts at risk of a shortfall due to potential rate increases for those borrowers who are currently paying interest at the standard variable rate and those who have an upcoming fixed term maturity.

The PMA has been estimated as the additional impairment loss provisions required as loans migrate through impairment stages, based on weighted coverage rates by stage. For loans where the identified shortfall is sufficient to equate to three months' arrears over a period of 12 months, a proportion of accounts are assumed to migrate to Stage 3. For the remainder, it is assumed that accounts migrate into a higher stage (e.g. from Stage 1 to Stage 2 or from Stage 2 to Stage 3). The stage migration assumptions are informed by the latest arrears emergence and credit deterioration data. Since the 2024 year end, the population of accounts at risk has reduced due to stable arrears figures, redemptions and a more stable rate environment. The PMA has reduced to £7.2 million (30 June 2024: £14.2 million; 31 December 2024 £8.0 million).

At 30 June 2025 the affordability PMA calculation has been refreshed using the latest underlying mortgage data. The calculation methodology adopted remains consistent with the 2024 year end.

The significant judgements underpinning the affordability PMA calculation and the sensitivity of the PMA to these judgements are:

Assumption	Sensitivity modelled for current assumption	(Decrease)/increase in PMA £M
Number of borrowers that will migrate to Stage 3 due to risk of shortfall	Decrease/increase by 5 percentage points	(1.9)/1.4
£100 threshold above which shortfall against mortgage payment is 'unaffordable' and PMA is applied	Increase threshold to £200/ reduce threshold to 1p	(0.7)/0.7
Product interest rates available for switching product on maturity or for standard variable rate	Reduce/increase rates by 1 percentage point	(0.9)/0.5

Model risk PMA

The Group recognised a new PMA in 2024 which addresses two different elements of model risk. Firstly, there is a segment of recent purpose-led lending that has a higher average LTV and LTI profile than the Group's existing mortgage book, assessed using a reduced affordability stress buffer. There is uncertainty around how this segment of new lending will perform compared to lower risk mortgages in the Group's portfolio and the ECL models were not developed using data from mortgages which were underwritten under these conditions. The PMA recognises the risk that the ECL models may underestimate the probability of default for this segment of lending and the additional ECL requirement has increased to £5.5 million as at 30 June 2025 (30 June 2024: nil; 31 December 2024: £4.4 million), driven by increased purpose-led lending.

Secondly, the PMA also addresses the risks associated with the calibration of the ECL models using Covid-19 impacted possessions data, which does not necessarily represent the risk going forwards and may underestimate the probability of possession following a default event. This uncertainty around possession emergence has been addressed with an additional ECL requirement of £1.0 million at 30 June 2025 (30 June 2024: nil; 31 December 2024: £1.0 million).

Notes to the Accounts (continued)

2. Critical accounting estimates and judgements (continued)

(d) Significant accounting estimates and assumptions (continued)
(iv) Impairment losses on loans and advances to customers (continued)

Inadequate cladding PMA

Applying a consistent approach with 31 December 2024, this PMA has been estimated by identifying properties at the highest risk of cladding issues by matching the Group's portfolio to third-party postcode data, applying a range of haircuts to property valuations and making an allowance for remediation costs. The number of accounts contributing to the PMA continues to reduce, indicating the risk is reducing as a number of lenders begin to offer mortgages on clad properties, combined with remediation work commencing. This resulted in a PMA of £0.9 million as at 30 June 2025 (30 June 2024: £1.0 million; 31 December 2024: £1.0 million).

Transaction bias PMA

This PMA addresses the risk that house price indexation bias exists in a specific cohort of the Group's portfolio which when adjusted would result in an increase to ECL. The same methodology has been applied as previous reporting periods, by comparing the increases in indexed valuations on the Group's portfolio with alternative third-party data and applying a haircut to collateral valuations, giving a PMA of £0.5 million (30 June 2024: £1.1 million; 31 December 2024: £1.1million). This PMA will continue to unwind as impacted mortgages redeem.

(v) Fair value of the collateral loan

The Group measures the collateral loan which represents a pool of equity release mortgages at fair value through profit or loss (FVTPL). The fair value of this loan is calculated using a model which uses a combination of observable market data (such as interest rate curves and RPI swap prices) and unobservable inputs which require estimation, such as the discount rate, property price volatility and the haircut applied to individual sales prices.

The model projects the future cash flows anticipated from the loan based on the contractual terms with the third party from which the mortgages were acquired, with the timing of those cash flows determined with reference to mortality tables (which are subject to estimation uncertainty). The model also calculates a value for the 'no negative equity guarantee' provided to the customer using a stochastic methodology applying a variant of the Black-Scholes formula.

The key estimates used in the model and the basis of estimation are summarised below:

Assumption	Basis of estimation
Discount rate	Derived from current market rates for new equity release loans adjusted for the specific profile of the Group's portfolio.
Property price volatility	Analysis of historic property price volatility and external research.
Sales price haircut	Average actual discounts observed on the portfolio during the last 24 months.

At 30 June 2025 the carrying value of the collateral loan was £142.4 million (30 June 2024: £147.6 million; 31 December 2024: £145.0 million). The sensitivity of this value to the estimates shown above is as follows:

Assumption	Change to current assumption	(Decrease)/increase in fair value of collateral loan £M
Discount rate	+/- 1 percentage point	(9.1)/10.2
Property price volatility	+/- 3 percentage points	(3.6)/3.2
Sales price haircut	+/- 5 percentage points	(2.9)/2.5

The sensitivities shown reflect a range of alternative assumptions based on observed historic data.

Notes to the Accounts (continued)

2. Critical accounting estimates and judgements (continued)

(d) Significant accounting estimates and assumptions (continued)
(vi) Fair value of the RPI-linked equity release swap

One of the Group's equity release swaps is linked to the retail price index (RPI) and is valued using a discounted cash flow model which uses observable market data for RPI and the discount rate used to discount future cash flows, and unobservable input assumptions for prepayment rates. Wherever possible these input assumptions are calculated with reference to actual historic experience and are aligned to those assumptions used in the valuation of the collateral loan. The variable which is considered to have the largest impact on the value of the swap is the prepayment rate.

A one percentage point increase in the assumed prepayment rate would increase the value of the swap by £0.1 million, resulting in a corresponding fair value loss in the Income Statement. A one percentage point reduction in the assumed prepayment rate would reduce the value of the swap by £0.1 million, resulting in a corresponding fair value gain in the Income Statement.

3. Interest receivable and similar income

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Interest receivable calculated using the effective interest rate method:			
On instruments held at amortised cost:			
On loans fully secured on residential property	**556.6**	451.2	972.7
On other loans and advances to customers	**0.1**	0.2	0.4
On liquid assets	**37.3**	95.8	160.4
Total interest receivable on instruments held at amortised cost	**594.0**	547.2	1,133.5
On instruments held at fair value through other comprehensive income:			
On investment securities	**91.9**	61.4	150.1
Total interest receivable calculated using the effective interest rate method	**685.9**	608.6	1,283.6
Similar income on instruments held at fair value through profit or loss:			
On other loans and advances to customers	**5.8**	7.3	13.9
Net income on derivatives that hedge financial assets and are designated in accounting hedge relationships	**101.1**	154.6	287.0
Net (expense)/income on derivatives that hedge financial assets and are not designated in accounting hedge relationships	**(0.3)**	2.5	7.6
Total similar income on instruments held at fair value through profit or loss	**106.6**	164.4	308.5
Total interest receivable and similar income	**792.5**	773.0	1,592.1
Included in the above is:			
Interest receivable on impaired financial assets	**8.1**	8.2	16.7

Notes to the Accounts (continued)

4. Interest payable and similar charges

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Interest payable on instruments held at amortised cost:			
On shares held by individuals	**485.6**	426.0	904.7
On deposits and other borrowings:			
Wholesale and other funding	**92.5**	124.4	246.9
Lease liabilities	**0.1**	0.1	0.2
On subordinated liabilities	**8.1**	3.2	6.2
On subscribed capital	**0.1**	1.1	1.2
Total interest payable on instruments held at amortised cost	**586.4**	554.8	1,159.2
Similar charges on instruments held at fair value through profit or loss:			
Net charges on derivatives that hedge financial liabilities and are designated in accounting hedge relationships	**5.4**	25.5	48.3
Net (income)/charges on derivatives that hedge financial liabilities and are not designated in accounting hedge relationships	**(0.4)**	21.8	21.7
Total similar charges on instruments held at fair value through profit or loss	**5.0**	47.3	70.0
Total interest payable and similar charges	**591.4**	602.1	1,229.2

5. Other operating income/(expense)

In January 2025, the Society repurchased £223.2 million of senior non-preferred fixed rate reset notes at a discounted rate which resulted in the recognition of a £6.8m gain in the Other operating income/(expense) line in the Income Statement.

The amount reported in 2024 includes the upfront cost (£23.4 million) of the Society’s Permanent Interest-Bearing Shares (PIBS) buy-back.

Notes to the Accounts (continued)

6. Fair value (losses)/gains from financial instruments

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Fair value hedge relationships			
Derivatives designated in fair value hedge relationships	**(224.1)**	65.8	(3.3)
Fair value adjustment for portfolio hedged risk of hedged items	**206.3**	(78.9)	(20.7)
Cash flow hedge relationships			
Derivatives designated in cash flow hedge relationships	**15.1**	14.8	29.9
Derivatives not designated in accounting hedge relationships			
Equity release swaps	**1.9**	7.6	11.1
Cross currency swaps net of retranslation on matched Euro liabilities	**0.2**	0.9	0.9
Other financial instruments measured at fair value through profit or loss			
Collateral loan which represents a pool of equity release mortgages	**(0.4)**	(5.6)	(7.6)
Total fair value (losses)/gains from financial instruments	**(1.0)**	4.6	10.3

Fair value gains and losses arise due to accounting ineffectiveness on designated hedges, movements in the SONIA curve, or because hedge accounting could not be applied to certain items. Volatility also arises from the collateral loan which represents a pool of equity release mortgages, which is measured at FVTPL. Fair value movements on the associated RPI-linked equity release swap, which is also measured at FVTPL, provide an element of economic offset to this volatility.

Notes to the Accounts (continued)

7. Administrative expenses

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Staff costs			
Wages and salaries	**41.9**	38.6	80.3
Social security costs	**5.0**	4.3	8.9
Pension costs	**6.4**	6.1	12.1
Temporary staff	**1.5**	1.7	3.1
Other staff costs	**1.0**	0.9	1.7
Remuneration of auditor	**0.8**	0.7	1.2
Other administrative expenses			
Technology	**11.4**	10.2	19.8
Development activity	**11.8**	11.3	23.8
Property	**3.4**	3.7	7.6
Legal and professional fees	**2.1**	1.6	3.8
Marketing	**2.5**	2.6	6.1
Regulatory fees	**5.9**	1.6	7.1
Postage and stationery	**1.9**	1.4	2.5
Recruitment and training	**0.6**	0.5	1.6
Other	**3.0**	3.0	5.8
Total administrative expenses	**99.2**	88.2	185.4

Administrative expenses include £12.2 million of IT transformation spend in the period to 30 June 2025 (30 June 2024: £9.2 million; 31 December 2024: £19.4 million). This is primarily reported as development activity in the table above.

8. Impairment on loans and advances to customers

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Loans fully secured on residential property	**(2.2)**	1.6	4.6
Loans fully secured on land	**-**	0.2	0.9
Total Income Statement (charge)/credit for the period	**(2.2)**	1.8	5.5

The Group's policy for calculating impairment of loans and advances to customers is detailed in note 1(e) of the 2024 Annual Report and Accounts. Details of the significant accounting estimates and judgements required in the calculation of impairment loss provisions, including the incorporation of forward looking information, are provided in note 2.

The table below summarises the Group's retail mortgage balances, loan commitments and associated impairment loss provisions. The classification of loans into stages for impairment purposes is explained in note 1(e) of the 2024 Annual Report and Accounts.

Notes to the Accounts (continued)

8. Impairment on loans and advances to customers (continued)

30 June 2025 (Unaudited)	**Gross exposure £M**	**Impairment loss provision £M**	**Provision coverage %**
Retail mortgages			
Stage 1	**20,607.4**	**8.3**	**0.04**
Stage 2 and <30 days past due	**4,649.8**	**22.3**	**0.48**
Stage 2 and 30+ days past due	**96.2**	**1.7**	**1.77**
Stage 3 and <90 days past due	**141.6**	**2.7**	**1.91**
Stage 3 and 90+ days past due	**143.8**	**11.4**	**7.93**
Total retail mortgages	**25,638.8**	**46.4**	**0.18**
Loan commitments			
Stage 1	**1,451.4**	**0.3**	**0.02**
Total impairment loss provision	**27,090.2**	**46.7**	**0.17**

30 June 2024 (Unaudited)	Gross exposure £M	Impairment loss provision £M	Provision coverage %
Retail mortgages			
Stage 1	18,900.7	5.2	0.03
Stage 2 and <30 days past due	3,698.9	25.5	0.69
Stage 2 and 30+ days past due	112.4	2.5	2.22
Stage 3 and <90 days past due	141.1	1.6	1.13
Stage 3 and 90+ days past due	147.8	15.0	10.15
Total retail mortgages	23,000.9	49.8	0.22
Loan commitments			
Stage 1	1,640.7	0.3	0.02
Total impairment loss provision	24,641.6	50.1	0.20

31 December 2024 (Audited)	Gross exposure £M	Impairment loss provision £M	Provision coverage %
Retail mortgages			
Stage 1	19,674.0	7.9	0.04
Stage 2 and <30 days past due	4,385.8	21.5	0.49
Stage 2 and 30+ days past due	95.5	1.8	1.88
Stage 3 and <90 days past due	145.4	2.0	1.38
Stage 3 and 90+ days past due	147.4	11.9	8.07
Total retail mortgages	24,448.1	45.1	0.18
Loan commitments			
Stage 1	1,640.6	0.3	0.02
Total impairment loss provision	26,088.7	45.4	0.17

Notes to the Accounts (continued)

8. Impairment on loans and advances to customers (continued)

The tables below provide information on movements in the gross retail mortgage exposures and associated impairment loss provisions during the year to date:

Period to 30 June 2025

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	Provision 12m ECL	Gross exposure	Provision Lifetime ECL	Gross exposure	Provision Lifetime ECL	Gross exposure	Provision
	£M	£M	£M	£M	£M	£M	£M	£M
At 1 January 2025	19,674.0	7.9	4,481.3	23.3	292.8	13.9	24,448.1	45.1
Transfers resulting in increased impairment loss provision:								
From Stage 1 to Stage 2	(1,519.5)	(0.4)	1,519.5	3.0	-	-	-	2.6
From Stage 1 to Stage 3	(15.3)	-	-	-	15.3	0.2	-	0.2
From Stage 2 to Stage 3	-	-	(40.8)	(0.5)	40.8	1.3	-	0.8
Transfers resulting in reduced impairment loss provision:								
From Stage 2 to Stage 1	1,007.0	0.2	(1,007.0)	(1.4)	-	-	-	(1.2)
From Stage 3 to Stage 1	4.4	-	-	-	(4.4)	-	-	-
From Stage 3 to Stage 2	-	-	21.1	0.1	(21.1)	(0.1)	-	-
Change in impairment loss provision resulting from loan modifications	-	-	-	-	-	0.5	-	0.5
Other remeasurement of impairment loss provision (no movement in stage)	-	(0.2)	10.7	-	-	1.3	10.7	1.1
New advances	4,091.1	1.2	19.6	0.1	0.7	-	4,111.4	1.3
Redemptions and repayments	(2,634.3)	(0.4)	(258.4)	(0.6)	(38.7)	(1.4)	(2,931.4)	(2.4)
Write offs	-	-	-	-	-	(1.6)	-	(1.6)
At 30 June 2025	**20,607.4**	**8.3**	**4,746.0**	**24.0**	**285.4**	**14.1**	**25,638.8**	**46.4**

8. Impairment on loans and advances to customers (continued)

Period to 30 June 2024

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure	Provision 12m ECL	Gross exposure	Provision Lifetime ECL	Gross exposure	Provision Lifetime ECL	Gross exposure	Provision
	£M	£M	£M	£M	£M	£M	£M	£M
At 1 January 2024	17,670.1	4.8	3,902.4	31.9	263.9	16.5	21,836.4	53.2
Transfers resulting in increased impairment loss provision:								
From Stage 1 to Stage 2	(1,206.3)	(0.4)	1,206.3	3.6	-	-	-	3.2
From Stage 1 to Stage 3	(24.0)	-	-	-	24.0	0.4	-	0.4
From Stage 2 to Stage 3	-	-	(47.2)	(0.6)	47.2	1.4	-	0.8
Transfers resulting in reduced impairment loss provision:								
From Stage 2 to Stage 1	1,034.7	0.3	(1,034.7)	(2.0)	-	-	-	(1.7)
From Stage 3 to Stage 1	3.7	-	-	-	(3.7)	-	-	-
From Stage 3 to Stage 2	-	-	15.6	0.1	(15.6)	(0.1)	-	-
Change in impairment loss provision resulting from loan modifications	-	-	-	-	-	-	-	-
Other remeasurement of impairment loss provision (no movement in stage)	-	(0.4)	-	(4.6)	-	0.9	-	(4.1)
New advances	3,751.2	1.3	-	-	-	-	3,751.2	1.3
Redemptions and repayments	(2,328.7)	(0.4)	(231.1)	(0.4)	(26.9)	(1.5)	(2,586.7)	(2.3)
Write offs	-	-	-	-	-	(1.0)	-	(1.0)
At 30 June 2024	18,900.7	5.2	3,811.3	28.0	288.9	16.6	23,000.9	49.8

Notes to the Accounts (continued)

8. Impairment on loans and advances to customers (continued)

Year ended 31 December 2024

	Stage 1		Stage 2		Stage 3		Total	
	Gross exposure £M	Provision 12m ECL £M	Gross exposure £M	Provision Lifetime ECL £M	Gross exposure £M	Provision Lifetime ECL £M	Gross exposure £M	Provision £M
At 1 January 2024	17,670.1	4.8	3,902.4	31.9	263.9	16.5	21,836.4	53.2
Transfers resulting in increased impairment loss provision:								
From Stage 1 to Stage 2	(2,290.0)	(0.6)	2,290.0	4.4	-	-	-	3.8
From Stage 1 to Stage 3	(42.4)	(0.1)	-	-	42.4	0.9	-	0.8
From Stage 2 to Stage 3	-	-	(76.8)	(0.9)	76.8	2.1	-	1.2
Transfers resulting in reduced impairment loss provision:								
From Stage 2 to Stage 1	1,319.2	0.3	(1,319.2)	(3.1)	-	-	-	(2.8)
From Stage 3 to Stage 1	7.5	-	-	-	(7.5)	-	-	-
From Stage 3 to Stage 2	-	-	32.3	0.1	(32.3)	(0.5)	-	(0.4)
Change in impairment loss provision resulting from loan modifications	-	-	-	-	-	0.5	-	0.5
Other remeasurement of impairment loss provision (no movement in stage)	-	2.1	-	(8.8)	-	(0.9)	-	(7.6)
New advances	6,674.3	2.1	120.5	0.6	1.2	-	6,796.0	2.7
Redemptions and repayments	(3,664.7)	(0.7)	(467.9)	(0.9)	(51.7)	(1.6)	(4,184.3)	(3.2)
Write offs	-	-	-	-	-	(3.1)	-	(3.1)
At 31 December 2024	19,674.0	7.9	4,481.3	23.3	292.8	13.9	24,448.1	45.1

In the above tables, the impact of changes to accounting estimates and judgements, including macroeconomic scenarios and probability weightings, is included within ‘other re-measurement of impairment loss provision’ unless the change results in the transfer of a loan between stages in which case it is included in the relevant transfer row.

Notes to the Accounts (continued)

9. Taxation

The standard rate of corporation tax applicable to the Group for the six months ended 30 June 2025 was 25% (six months ended 30 June 2024: 25%; year ended December 2024: 25%) and the banking surcharge remained at 3% of taxable profits above a £100 million threshold.

Deferred tax balances have been calculated at a rate of 28% (30 June 2024: 28%; 31 December 2024: 28%) reflecting the corporation tax rate and the 3% banking surcharge.

10. Loans and advances to customers

30 June 2025 (Unaudited)	**Gross exposure £M**	**Impairment loss provision £M**	**Total £M**
Loans fully secured on residential property	**25,638.8**	**(46.7)**	**25,592.1**
Loans fully secured on land	**3.2**	**(0.1)**	**3.1**
Other loans[17]	**142.4**	**-**	**142.4**
Total loans and advances to customers	**25,784.4**	**(46.8)**	**25,737.6**

30 June 2024 (Unaudited)	Gross exposure £M	Impairment loss provision £M	Total £M
Loans fully secured on residential property	23,000.9	(50.1)	22,950.8
Loans fully secured on land	5.3	(1.2)	4.1
Other loans[17]	147.6	-	147.6
Total loans and advances to customers	23,153.8	(51.3)	23,102.5

31 December 2024 (Audited)	Gross exposure £M	Impairment loss provision £M	Total £M
Loans fully secured on residential property	24,448.1	(45.4)	24,402.7
Loans fully secured on land	3.3	(0.5)	2.8
Other loans[17]	145.0	-	145.0
Total loans and advances to customers	24,596.4	(45.9)	24,550.5

11. Other assets, prepayments and accrued income

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Collateral	**224.0**	206.5	221.4
Prepayments	**20.3**	12.0	10.5
Other assets	**126.9**	114.1	6.2
Total other assets, prepayments and accrued income	**371.2**	332.6	238.1

In the above table, collateral represents amounts owed by credit institutions on cash collateralisation of derivatives.

[17] The amount reported for other loans relates to the collateral loan which represents a pool of equity release mortgages.

Notes to the Accounts (continued)

12. Retirement benefit (obligation)/surplus

	Period to 30 Jun 2025 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) £M	Year ended 31 Dec 2024 (Audited) £M
Present value of funded obligations	**(58.1)**	(65.8)	(61.0)
Present value of unfunded obligations	**(0.5)**	(0.6)	(0.5)
Funded scheme assets at fair value	**63.7**	68.5	65.2
Effect of asset ceiling	**(5.6)**	-	(4.2)
Retirement benefit (obligation)/surplus	**(0.5)**	2.1	(0.5)

The Group operates both defined benefit and defined contribution schemes. The defined benefit scheme provides benefits based on final salary for certain employees. It closed to future accruals on 31 December 2014.

In 2023, the UK High Court issued a ruling in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes. This case had potential implications for other defined benefit schemes in the UK. In response to the ruling, the Leeds Building Society pension scheme trustees undertook a review of historical pension amendments to determine if there was any potential impact on the Group defined benefit scheme valuation and no material issues were identified.

In June 2025 the Department for Work and Pensions confirmed that the Government will introduce legislation to give affected pension schemes the ability to, retrospectively, obtain written actuarial confirmation that confirmations around historic benefit changes met the necessary standards. Further detail on the approach and process for this retrospective confirmation is expected to follow in due course but based on the results of the trustees' review of amendments, it's unlikely that any further action will be required.

13. Provisions for liabilities and charges

The amount reported for provisions for liabilities and charges at 30 June 2025 includes a provision of £1.1 million in respect of the voluntary financial support we have agreed to offer members impacted by the actions of Philips Trust Corporation.

Voluntary financial support payments totalling £7.5 million have been processed to date. The remaining provision of £1.1 million will be utilised during 2025 as we process all remaining compensation payments and settle associated legal costs.

14. Related party transactions

The Group had no related party transactions outside the normal course of business in the six months ended 30 June 2025 (six months ended 30 June 2024: none; year ended 31 December 2024: none).

15. Guarantees and other financial commitments

(a) Subsidiary undertakings

The Society is obliged under the Building Societies Act 1986 to discharge the liabilities of its subsidiary undertakings to the extent they were incurred before 11 June 1996 and in so far as those bodies are unable to discharge the liabilities out of their own assets. The Society has provided a financial commitment to its subsidiaries and is required to buy back all defaulting mortgages in the underlying portfolio of the deemed loan to originator once they reach three months in arrears.

15. Guarantees and other financial commitments (continued)

(b) Capital commitments

The Group has no capital commitments contracted for but not accrued for under executory contracts in the period (June 2024: £0.7 million inclusive of value added tax; December 2024: £nil). As at 30 June 2025, there are no long-term multi-year contractual capital commitments for technology investment programmes (intangible assets and property, plant and equipment).

(c) Other commitments

The Group is committed to multi-year service contracts for the provision and maintenance of its IT infrastructure and the provision of consumer information services. The commitment at 30 June 2025 is £42.4 million (June 2024: £39.9 million; December 2024: £37.0 million). These service contracts are not capital commitments and do not meet the definition of a lease under IFRS 16 since they do not give the Group the right to control the assets used to provide the service. They will be expensed in the Income Statement as they are incurred.

16. Credit risk on loans and advances to customers

Retail mortgages

The table below provides information on the Group's retail mortgages by payment status, excluding impairment loss provisions. Overall, past due balances as a percentage of the portfolio have remained broadly stable, with slight decreases in the level of balances in arrears, despite ongoing cost pressures on households.

The table includes £6.8 million (June 2024: £9.6 million; December 2024: £8.6 million) of loans and advances secured on residential property in Spain that are past due and £0.5 million (June 2024: £0.3 million; December 2024: £0.5 million) in possession.

	Period to 30 Jun 2025 (Unaudited)	**Period to 30 Jun 2025 (Unaudited)**	Period to 30 Jun 2024 (Unaudited)	Period to 30 Jun 2024 (Unaudited)	Year ended 31 Dec 2024 (Audited)	Year ended 31 Dec 2024 (Audited)
	£M	**%**	£M	%	£M	%
Not past due	**25,342.8**	**98.9**	22,583.2	98.7	24,145.3	98.7
Past due up to 3 months	**159.7**	**0.6**	169.9	0.7	160.4	0.7
Past due 3 to 6 months	**51.9**	**0.2**	67.3	0.3	58.6	0.2
Past due 6 to 12 months	**48.1**	**0.2**	43.9	0.2	45.9	0.2
Past due over 12 months	**24.3**	**0.1**	25.5	0.1	24.4	0.1
Possessions	**12.0**	**-**	11.0	-	13.5	0.1
Total gross exposure	**25,638.8**	**100.0**	22,900.8	100.0	24,448.1	100.0

The Group continues to use forbearance arrangements as part of its arrears management strategies to minimise credit risk, whilst ensuring customers are treated fairly. This includes the use of arrangements to assist borrowers in arrears that are now able to meet agreed repayment strategies, including or excluding arrears balances. The Group's approach to forbearance is described on page 69 of the 2024 Annual Report and Accounts and is materially unchanged from 31 December 2024.

Notes to the Accounts (continued)

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

Retail mortgages (continued)

The Society's lending policy permits owner occupier applications with a maximum LTV of 95 per cent and buy to let mortgages with a maximum LTV of 80 per cent, with scope to tighten these criteria if required. Higher LTV lending is subject to enhanced underwriting criteria.

The indexed LTV analysis of the Society's retail mortgage portfolio as at 30 June 2025 is as follows:

	Period to 30 Jun 2025 (Unaudited) £M	**Period to 30 Jun 2025 (Unaudited) %**	Period to 30 Jun 2024 (Unaudited) £M	Period to 30 Jun 2024 (Unaudited) %	Year ended 31 Dec 2024 (Audited) £M	Year ended 31 Dec 2024 (Audited) %
Less than 10%	**215.9**	**0.8**	198.2	0.9	213.7	0.9
10% to 20%	**1,007.0**	**3.9**	910.9	4.0	996.6	4.1
20% to 30%	**2,398.5**	**9.4**	2,165.4	9.4	2,322.4	9.5
30% to 40%	**3,357.0**	**13.1**	3,121.5	13.6	3,327.6	13.6
40% to 50%	**3,958.7**	**15.4**	3,865.9	16.8	3,968.8	16.2
50% to 60%	**3,865.4**	**15.1**	3,546.7	15.5	3,683.2	15.1
60% to 70%	**3,710.4**	**14.5**	3,123.8	13.6	3,424.3	14.0
70% to 80%	**3,434.1**	**13.4**	2,636.2	11.5	3,174.2	13.0
80% to 90%	**2,642.8**	**10.3**	2,285.7	10.0	2,424.2	9.9
90% to 100%	**1,042.9**	**4.1**	1,086.6	4.7	907.7	3.7
More than 100%	**6.1**	**-**	9.9	-	5.4	-
Total	**25,638.8**	**100.0**	22,950.8	100.0	24,448.1	100.0

The overall weighted average indexed LTV of the residential portfolio is 54.9% (June 2024: 54.3%; December 2024: 54.2%).

Notes to the Accounts (continued)

17. Fair values

(a) Carrying value and fair value of financial instruments not carried at fair value

The table below compares the carrying and fair values of the Group's financial instruments not held at fair value at the reporting date. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting future cash flows at prevailing interest rates.

	Fair value hierarchy level	**Period to 30 Jun 2025 (Unaudited) Carrying value £M**	**Period to 30 Jun 2025 (Unaudited) Fair value £M**	Period to 30 Jun 2024 (Unaudited) Carrying value £M	Period to 30 Jun 2024 (Unaudited) Fair value £M	Year ended 31 Dec 2024 (Audited) Carrying value £M	Year ended 31 Dec 2024 (Audited) Fair value £M
Financial assets:							
Cash in hand and balances with the Bank of England	**Level 1**	**1,351.7**	**1,351.7**	3,649.6	3,649.6	2,443.2	2,443.2
Loans and advances to credit institutions	**Level 2**	**135.2**	**135.2**	181.9	181.9	152.3	152.3
Investment securities	**Level 1**	**-**	**-**	-	-	10.5	10.5
Loans and advances to customers							
Loans fully secured on residential property*	**Level 3**	**25,625.7**	**25,643.3**	22,716.3	22,629.5	24,229.6	24,353.9
Other loans	**Level 2**	**3.1**	**3.1**	4.1	4.1	2.8	2.8
Other assets, prepayments and accrued income	**Level 1**	**224.0**	**224.0**	206.5	206.5	221.4	221.4
Financial liabilities:							
Shares**	**Level 2**	**25,533.8**	**25,507.1**	22,381.4	22,372.4	24,538.6	24,501.0
Amounts owed to credit institutions	**Level 2**	**929.5**	**929.5**	1,288.4	1,288.4	1,244.2	1,244.2
Amounts owed to other customers	**Level 2**	**200.3**	**200.3**	137.8	137.8	159.3	159.3
Debt securities in issue***	**Level 1**	**1,917.5**	**1,920.4**	2,911.1	3,000.4	2,495.6	2,506.1
Debt securities in issue	**Level 2**	**919.8**	**913.6**	677.4	672.5	636.1	628.7
Other liabilities and accruals	**Level 2**	**105.5**	**105.5**	358.3	358.3	316.7	316.7
Subordinated liabilities***	**Level 1**	**438.0**	**435.2**	326.3	329.2	334.2	337.3
Subscribed capital	**Level 1**	**8.0**	**8.1**	8.0	8.0	8.0	8.0

*The carrying value is net of fair value adjustment for portfolio hedged risk on loans and advances to customers. The presentation of the 2024 carrying value comparatives have been restated to include the fair value adjustment for portfolio hedged risk on loans and advances to customers.

**The carrying value is net of fair value adjustment for portfolio hedged risk on shares. The presentation of the 2024 carrying value comparatives have been restated to include the fair value adjustment for portfolio hedged risk on shares.

***The presentation of the December 2024 comparatives have been restated to include the fair value adjustment for hedged risk on wholesale debt issuances.

Notes to the Accounts (continued)

17. Fair values (continued)

(b) Fair value measurement basis for financial instruments carried at fair value

The methodology and assumptions for determining the fair value of financial assets and liabilities are included in note 32 of the 2024 Annual Report and Accounts. Since December 2024, the fair value adjustments for hedged risks have been removed from the below tables. The presentation of the 2024 comparatives have been restated to reflect this. The tables below classify all assets and liabilities carried at fair value in the Statement of Financial Position according to the method used to establish their fair value.

At 30 June 2025 (Unaudited)	**Level 1 £M**	**Level 2 £M**	**Level 3 £M**	**Total £M**
Assets:				
Investment securities	**4,106.1**	**-**	**-**	**4,106.1**
Derivative financial instruments	**-**	**203.3**	**-**	**203.3**
Loans and advances to customers	**-**	**-**	**142.4**	**142.4**
Total assets	**4,106.1**	**203.3**	**142.4**	**4,451.8**
Liabilities:				
Derivative financial instruments	**-**	**125.7**	**3.9**	**129.6**
Total liabilities	**-**	**125.7**	**3.9**	**129.6**

At 30 June 2024 (Unaudited)	Level 1 £M	Level 2 £M	Level 3 £M	Total £M
Assets:				
Investment securities	525.3	1,878.7	-	2,404.0
Derivative financial instruments	-	445.1	-	445.1
Loans and advances to customers	-	-	147.6	147.6
Total assets	525.3	2,323.8	147.6	2,996.7
Liabilities:				
Derivative financial instruments	-	135.5	8.9	144.4
Total liabilities	-	135.5	8.9	144.4

At 31 December 2024 (Audited)	Level 1 £M	Level 2 £M	Level 3 £M	Total £M
Assets:				
Investment securities	3,939.5	-	-	3,939.5
Derivative financial instruments	-	371.1	-	371.1
Loans and advances to customers	-	-	145.0	145.0
Total assets	3,939.5	371.1	145.0	4,455.6
Liabilities:				
Derivative financial instruments	-	92.1	5.9	98.0
Total liabilities	-	92.1	5.9	98.0

Notes to the Accounts (continued)

17. Fair values (continued)

(b) Fair value measurement basis for financial instruments carried at fair value (continued)

Level 1: Relates to financial instruments where fair values are taken from quoted prices in active markets for identical assets or liabilities, without adjustment.

Level 2: Valuations of financial instruments for which significant inputs are taken from observable market data for the asset or liability. These include quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets which are not active. These also include valuations where models are used to calculate the present values of expected future cash flows, using solely inputs (such as interest rate curves) from published market observable sources.

Level 3: The valuation of the asset or liability is not solely based on observable market data and includes unobservable inputs. Valuation techniques include net present value and discounted cash flow methods. The assumptions used in such models include risk-free benchmark interest rates, foreign currency exchange rates and expected price volatilities. The objective of the valuation techniques is to determine a fair value that reflects the price of the financial instrument that would have been used by two counterparties in an arm's length transaction.

(c) Reconciliation of level 3 fair value measurements of financial instruments

Six months to 30 June 2025 (Unaudited)	**Derivative financial instruments £M**	**Loans and advances to customers £M**	**Total £M**
At 1 January 2025	**(5.9)**	**145.0**	**139.1**
Total gains/(losses) in the Income Statement	**2.0**	**(0.4)**	**1.6**
Net repayment in the year	**-**	**(2.2)**	**(2.2)**
At 30 June 2025	**(3.9)**	**142.4**	**138.5**

Six months to 30 June 2024 (Unaudited)	Derivative financial instruments £M	Loans and advances to customers £M	Total £M
At 1 January 2024	(14.9)	153.6	138.7
Total gains/(losses) in the Income Statement	6.0	(5.6)	0.4
Net repayment in the year	-	(0.4)	(0.4)
At 30 June 2024	(8.9)	147.6	138.7

17. Fair values (continued)

(c) Reconciliation of level 3 fair value measurements of financial instruments (continued)

Year to 31 December 2024 (Audited)*	Derivative financial instruments £M	Loans and advances to customers £M	Total £M
At 1 January 2024	(14.9)	153.6	138.7
Total gains/(losses) in the Income Statement	9.0	(7.6)	1.4
Net repayment in the year	-	(1.0)	(1.0)
At 31 December 2024	(5.9)	145.0	139.1

Total gains/(losses) for the period are included in Fair value gains/(losses) from financial instruments in the Income Statement.

*The presentation of the 2024 comparatives have been restated to remove movement in fair value adjustment for portfolio hedged risk on loans and advances to customers.

(d) Level 3 unobservable inputs

(i) Derivative financial instruments (Level 3 equity release swaps)

The deal 3 equity release swap is linked to RPI and is valued using a discounted cash flow model which uses observable market data for RPI and the discount rate used to discount future cash flows and unobservable input assumptions for prepayment rates. Wherever possible these input assumptions are calculated with reference to actual historic experience. The variable which is considered to have the largest impact on the value of the swap is the prepayment rate. At 30 June 2025, a one percentage point increase in the assumed prepayment rate would increase the value of the swap liability by £0.1 million and a one percentage point reduction in the assumed prepayment rate would reduce the value of the swap liability by £0.1 million.

(ii) Loans and advances to customers (collateral loan)

The collateral loan which represents a pool of equity release mortgages is valued using a discounted cash flow model which uses unobservable input assumptions for property price volatility, sales price haircut, mortality, prepayment, and the discount rate used to discount future cash flows. Wherever possible these input assumptions are calculated with reference to actual historic experience. The variables considered to have the largest impact on the value of the loan are the discount rate, property price volatility and the sales price haircut. The sensitivities below reflect a range of alternative assumptions based on observed historic data and regulatory guidance.

Assumption	**Change to current assumption**	**(Decrease)/increase in fair value of collateral loan £M**
Discount rate	+/- 1 percentage point	(9.1)/10.2
Property price volatility	+/- 3 percentage points	(3.6)/3.2
Sales price haircut	+/- 5 percentage points	(2.9)/2.5

The sensitivities shown reflect a range of alternative assumptions based on observed historic data.

Notes to the Accounts (continued)

18. Events after the date of the Statement of Financial Position

There have been no subsequent events between 30 June 2025 and the date of approval of this Interim Financial Report by the Board which would have had a material impact on the financial position of the Group.

Cautionary statement

This Interim Financial Report has been prepared solely to provide additional information to members to assess the Group's financial position and the potential for its strategies to succeed. These statements should not be relied on by any other party or for any other purpose. The Interim Financial Report contains certain forward looking statements. These statements are made by the directors in good faith based on the information available to them up to the time of their approval of this report. Such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

Responsibility statement

We confirm that to the best of our knowledge:

- the condensed set of financial statements, which have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting', gives a true and fair view of the assets, liabilities, financial position and profit or loss of the Society and the undertakings included in the consolidation as a whole.
- the Interim Financial 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).

Signed on behalf of the board of directors:

Brendan McCafferty Chairman	Annette Barnes Interim Chief Executive Officer	Andrew Conroy Chief Financial Officer

31 July 2025

Independent Review Report to Leeds Building Society

Conclusion

We have been engaged by the Society to review the condensed set of financial statements in the Interim Financial Report for the six months ended 30 June 2025 which comprises the Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Changes in Members' Interests, Condensed Consolidated Cash Flow Statement and the related explanatory notes 1 to 18. We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Financial Report for the six months ended 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34 and the Disclosure Guidance and Transparency Rules of the UK's FCA.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements 2410 (UK) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* (ISRE) issued by the FRC. 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.

As disclosed in note 1, the annual financial statements of the Society are prepared in accordance with UK IAS. The condensed set of financial statements included in this Interim Financial Report has been prepared in accordance with UK IAS 34.

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 management have inappropriately adopted the going concern basis of accounting or that management 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 this ISRE. However, future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the Interim Financial Report in accordance with the Disclosure Guidance and Transparency Rules of the UK's FCA.

In preparing the Interim Financial Report, the directors are responsible for assessing the Society'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 Society or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the Interim Financial Report, we are responsible for expressing to the Society a conclusion on the condensed set of financial statements in the Interim Financial Report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Independent Review Report to Leeds Building Society (continued)

Use of our report

This report is made solely to the Society in accordance with guidance contained in International Standard on Review Engagements 2410 (UK) *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the FRC. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society, for our work, for this report, or for the conclusions we have formed.

Ernst & Young LLP
Leeds
31 July 2025