



Skipton International Limited

2023 Results Update

December 2023 (audited)



Welcome

Jim Coupe, Chief Executive Officer, Skipton International



Welcome to Skipton International's 2023 results presentation.

Skipton had another excellent year with strong growth in mortgage lending and profitability. Over 2023 the bank delivered a Profit Before Tax of £47.3m, an 18% increase on 2022. Return On Equity was 39.9% and, whilst flattered by rises in base rates, still represented strong underlying growth from the prior year's 36.6%.

Skipton's mortgage book performed strongly with completions of £375m (2022: £467m). The mortgage book continues to perform well with only 17 accounts in any form of arrears at year end (2022: 9 accounts), representing around 1 in 500 accounts (2022: 1 in 900). There were 4 arrears cases over 3 months (2022: 0 cases).

Whilst the book is performing well, management considered it prudent to increase the IFRS 9 expected credit losses provision by £0.4m. Skipton maintained strong levels of liquidity with a Liquidity Coverage Ratio of 190% at year end (2022: 167%). Our savings products were also recognised at the Moneyfacts Consumer awards, winning 'Best Offshore Account Provider' Award for the third consecutive year.

In 2023 we added a further £20,000 to the Skipton Community Fund helping more good causes across the Channel Islands, in addition to our major sponsorships of the Skipton Swimarathon and Skipton Boxing Day Dip in Guernsey and Skipton Big Ideas in Jersey. In a year that had its moments of turbulence in the financial markets I would like to thank my colleagues for their hard work and exemplary focus on customer service, which delivered our fifth consecutive Feefo Platinum Trusted Service Provider award.

I hope you enjoy reading our 2023 results update.

A handwritten signature in black ink that reads "J Coupe". The signature is written in a cursive, slightly stylized font.

Skipton's Vision, Mission and Values

Vision

Skipton's vision is to be the most recommended Channel Island bank.

Mission

Skipton's mission is to help customers achieve their property owning and savings goals through delivery of quality products and an unrivalled customer experience.

Values

Skipton's values are centred on Trust, Ownership and One Team.



Balance Sheet

Skipton is a mortgage and savings bank providing mortgages secured on residential properties in the Channel Islands and United Kingdom.

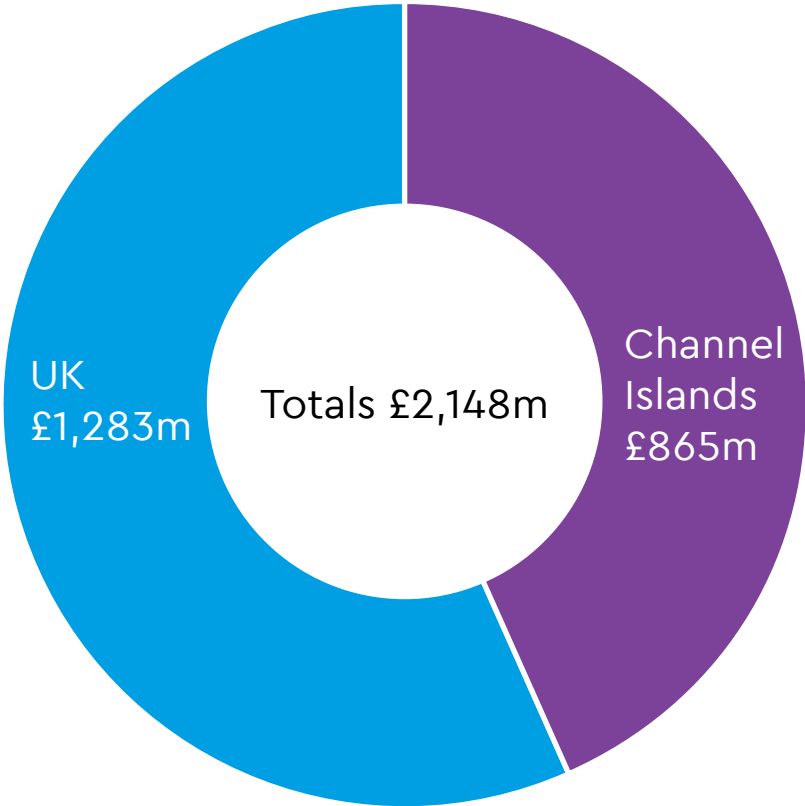
The average loan-to-value of the mortgage portfolio is 50%.

Arrears are currently 1 in a 500 mortgages.

Mortgages are funded by deposits from individuals predominantly located across the Crown Dependencies and UK, plus trusts and corporate customers.

Liquidity is held in High Quality Liquid Assets, which are directly owned (or secured against) UK Treasury Bills, Gilts and Supranational assets. Remaining liquid assets are maintained as cash at banks or debt securities from A1 or higher rated issuers.

Mortgage Book

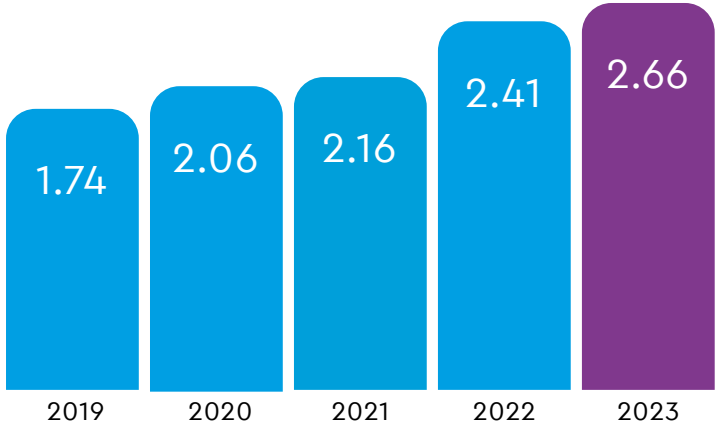


Balance Sheet

| | 2023 £m | 2022 £m |
|-------------------------------------|--------------|--------------|
| Liquid Assets | 481 | 438 |
| Mortgages | 2,105 | 1,864 |
| Other Assets | 72 | 106 |
| Total Assets | 2,658 | 2,408 |
| Deposits | 2,446 | 2,196 |
| Other Liabilities | 72 | 106 |
| Share Capital | 15 | 15 |
| Reserves | 125* | 91* |
| Total Liabilities and Equity | 2,658 | 2,408 |

*Includes audited YTD profit.

Total Assets (£bn)



Mortgage Highlights

Gross mortgage lending in 2023 to end of December was £375m (2022: £476m).

The average indexed loan-to-value of mortgages was 50% (2022: 49%).

The UK mortgage book currently represents 60% of the total mortgage book and is a key growth area.

The Channel Islands mortgage book is mature and the absolute value is now fairly static.

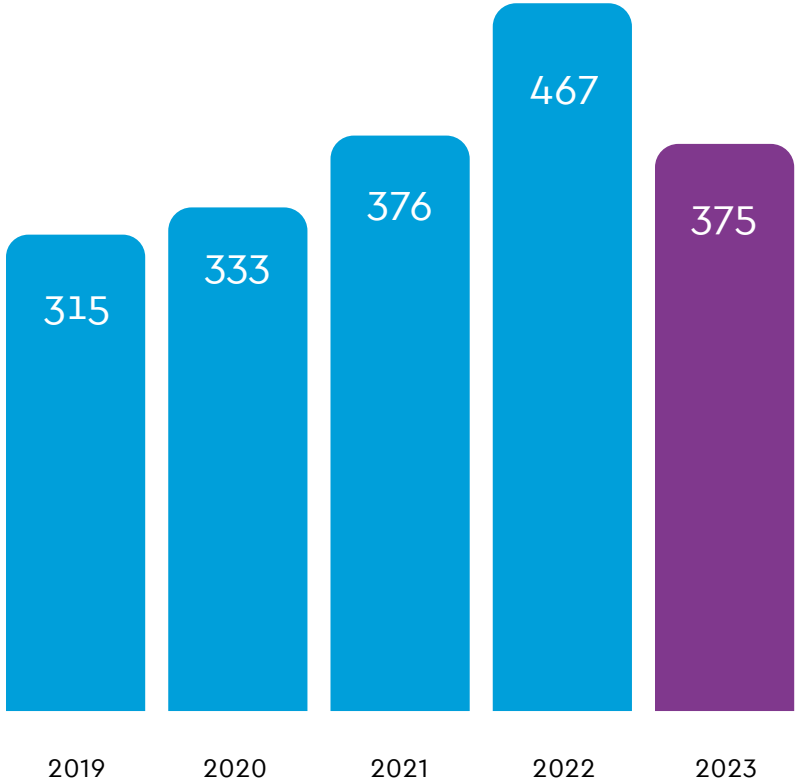
Credit risk appetite has remained broadly similar to last year.

Skipton supports first time buyers, the Guernsey Housing Association Scheme and the Andium Homes Scheme in Jersey.

Skipton does not have any commercial or sub-prime mortgages or unsecured lending.

Skipton is licensed under the Lending, Credit and Finance (Bailiwick of Guernsey) Law 2022.

Gross Mortgage Lending (£m)



Mortgage Book Quality

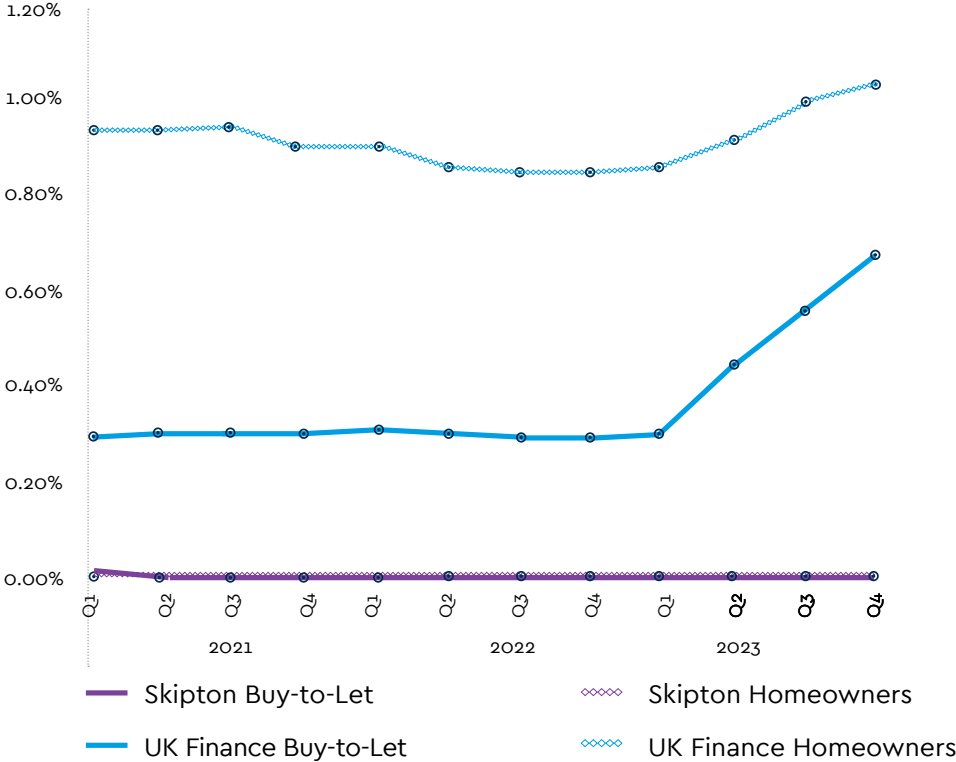


Residential mortgages in arrears by three months or more is 0.04% (2022: 0.00%).



Skipton has only ever repossessed two properties since 2002.

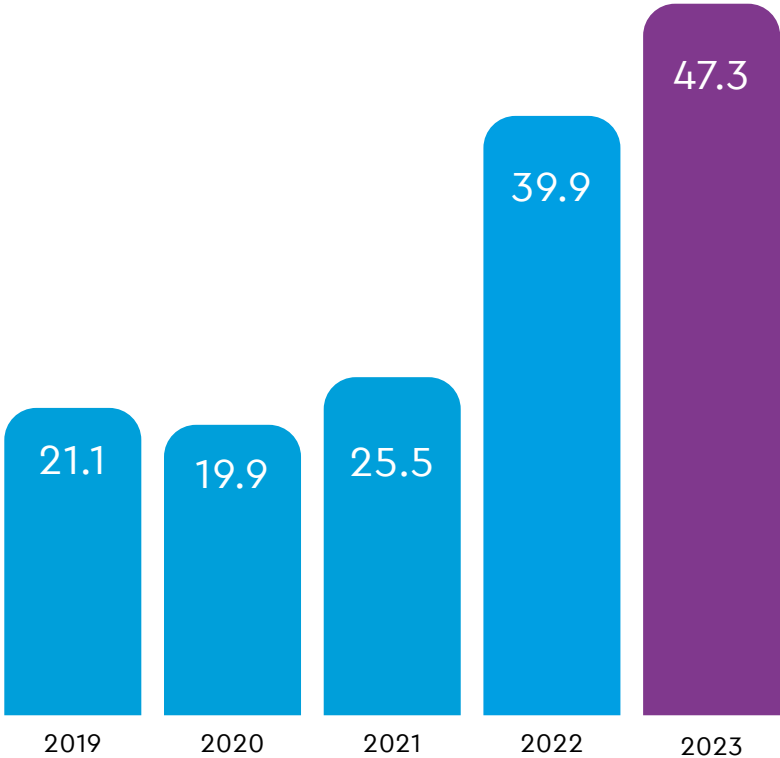
Arrears over 2.5% of Mortgage Balance



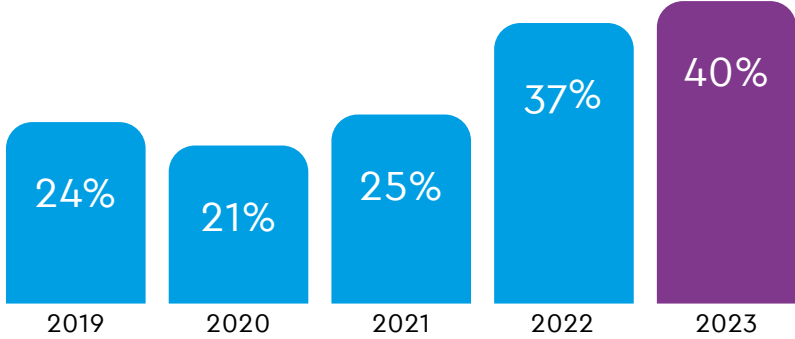
(Sourced from UK Finance mortgage arrears data, consolidating data from more than 250 firms in the UK)

Profit Performance

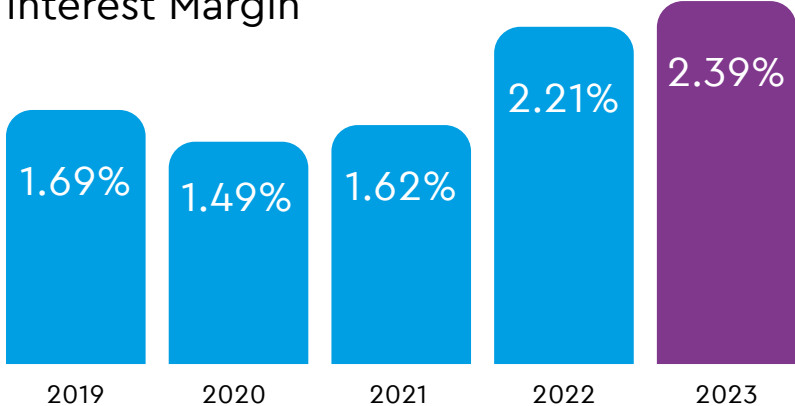
Profit Before Tax (£m)



Return on Equity



Interest Margin



Liquidity



Skipton holds sufficient liquidity to meet all of its internal and regulatory minimum requirements.



At 31 December 2023, Skipton's Liquidity Coverage Ratio was 190%, well above the regulatory minimum of 100%.



At 31 December 2023, Skipton's Net Stable Funding Ratio was 149%.



At 31 December 2023, Skipton's liquidity as a percentage of deposit liabilities was 19.7%.



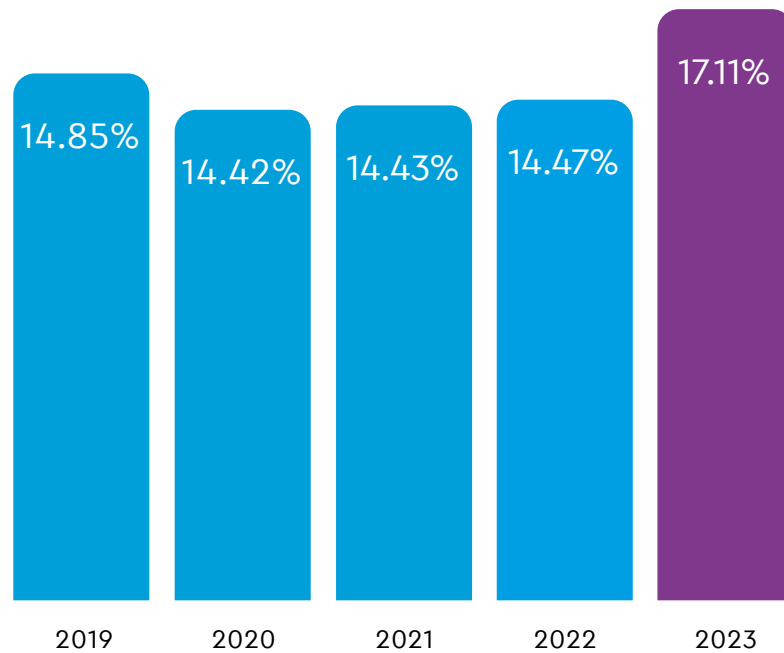
Skipton maintains a diverse stock of quality liquid assets with strong credit ratings.



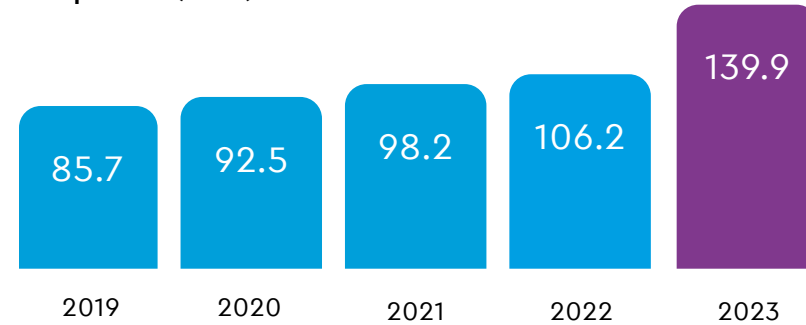
Skipton accepts US Dollar accounts.

Skipton's Capital Strength

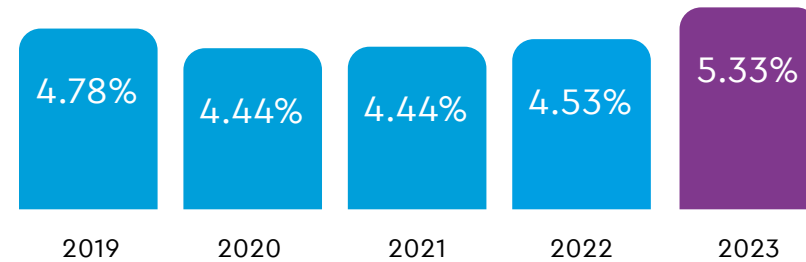
Common Equity Tier 1



Capital (£m)



Leverage Ratio



Summary and Focus



Profit before tax:
FY 2022: £39.9m
FY 2023: £47.3m



Net Interest
Margin was 2.39%
(2023 FY: 2.21%)



Maintained
excellent asset
quality with very
low arrears.



Delivered a strong
CET1 capital and
Leverage ratio of
17.11% and 5.33%
respectively at
2023, including
audited profit.



Delivered a
strong return
on equity
of 40%.
FY 2023: 37%



Excellent Feefo
score of 4.7/5
stars for service.

Business Information

| | | | |
|---|--|--|--|
| <p><u>Full Name and Legal Status</u> Skipton International Limited. Company Number: 30112. No subsidiaries.</p> | <p><u>Registered Address</u> Tudor House The Bordage St Peter Port Guernsey GY1 6DS</p> | <p><u>Shareholder</u> <u>Skipton Building Society</u> owns 100% of Skipton's £15m share capital. Skipton Building Society is the 4th largest building society in the UK with assets exceeding £37bn.</p> | <p><u>Governance</u> <u>Board of Directors</u>, comprising two nominee directors from Skipton Building Society; three independent Channel Island resident Non Executive Directors and two Guernsey resident Executive Directors.</p> |
| <p><u>Credit Rating</u> Skipton International Limited does not have its own credit rating.</p> | <p><u>Authorised and regulated by:</u> The Guernsey Financial Services Commission (GFSC) GFSC Reference: 91343 Regulatory Permissions – Banking Licence.</p> | <p><u>Lending, Credit and Finance Law:</u> Skipton International Ltd is licensed under the Lending, Credit and Finance (Bailiwick of Guernsey) Law 2022.</p> | <p><u>Deposit Compensation Scheme</u> Skipton International is a participant in the Guernsey Banking Deposit Scheme. Details at www.dcs.gg</p> |

Business and Financial Highlights



Nigel Pascoe

Director of Business Development

Email: nigel.pascoe@skiptoninternational.com

Direct Dial: +44 (0)1481 746439



Website

www.skiptoninternational.com