



Skipton International Limited

2022 Results Update

December 2022 (audited)



Welcome

Jim Coupe, Managing Director, Skipton International



Welcome to Skipton International's 2022 results presentation.

Skipton had another very good year with strong growth in mortgage lending and profitability. Over 2022 Skipton delivered a Profit before tax of £39.9m, a 56% increase on 2021. Return On Equity exceeded 30% for the first time at 36.6% and whilst flattered by rises in base rates still represented strong underlying growth from the prior year's 25%.

Skipton's mortgage book grew strongly with completions increasing to £467m (2021: £376m). The mortgage book continues to perform well with only 9 accounts in any form of arrears at year end (2021: 10 accounts), representing around 1 in 900 accounts (2021: 1:750). There were no arrears cases over 3 months (2021: 1 case). Whilst the book is performing well, management considered it prudent to increase the IFRS 9 expected credit losses provision by £0.5m. Skipton maintained strong levels of liquidity with a Liquidity Coverage Ratio of 167% at year end (2021: 172%). We also launched [US Dollar savings accounts](#) in 2022 providing more choice for our savings customers. Our savings products were also recognised at the Moneyfacts Consumer awards, winning 'Best Offshore Account Provider' Award.

In 2022 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, Skipton Big Ideas in Jersey and the Skipton Cup football match between the Isle of Man and Guernsey. In a year that had its moments of turbulence in the financial markets I would like to thank my colleagues at Skipton for their hard work and exemplary focus on customer service, which delivered our third consecutive Feefo Platinum Trusted Service Provider award.

I hope you enjoy reading our 2022 results update.

A handwritten signature in black ink that reads "J Coupe".

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.

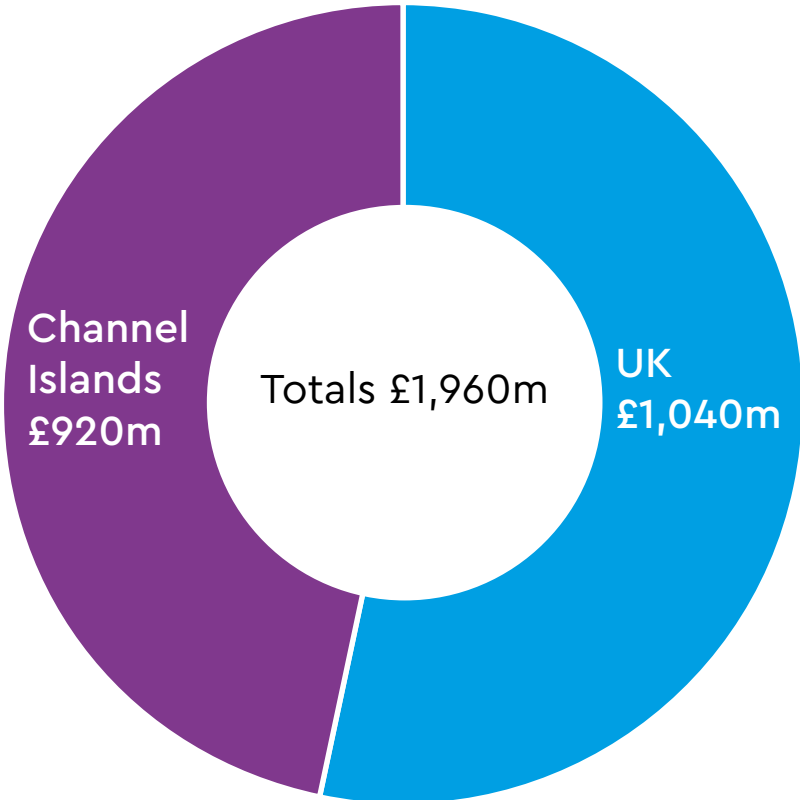
The average loan-to-value of the mortgage portfolio is 49%.

Arrears are currently 1 in a 900 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

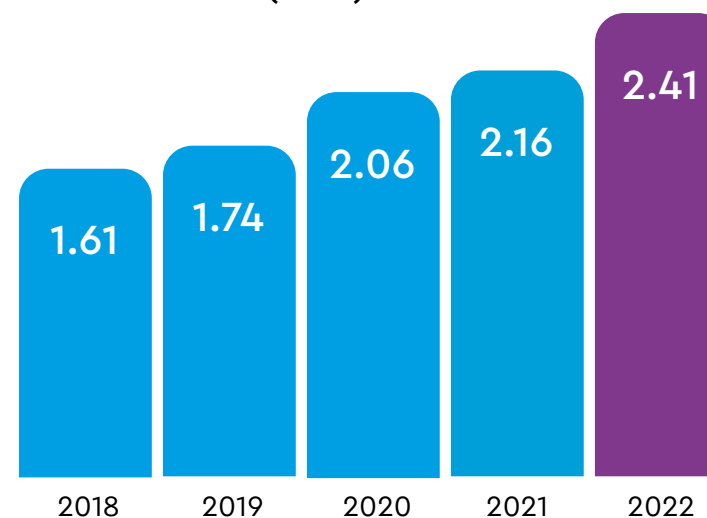


Balance Sheet

	2022 £m	2021 £m
Liquid Assets	438	429
Mortgages	1,864	1,721
Other Assets	106	14
Total Assets	2,408	2,164
Deposits	2,196	2,051
Other Liabilities	106	5
Share Capital	15	15
Reserves	91*	83*
Total Liabilities and Equity	2,408	2,164

*Includes audited YTD profit.

Total Assets (£bn)



Mortgage Highlights

Gross mortgage lending in 2022 to end of December was £476m (2021: £376m).

The average indexed loan-to-value of mortgages was 49% (2021: 51%).

The UK mortgage book currently represents 53% of the total mortgage book and is a key growth area.

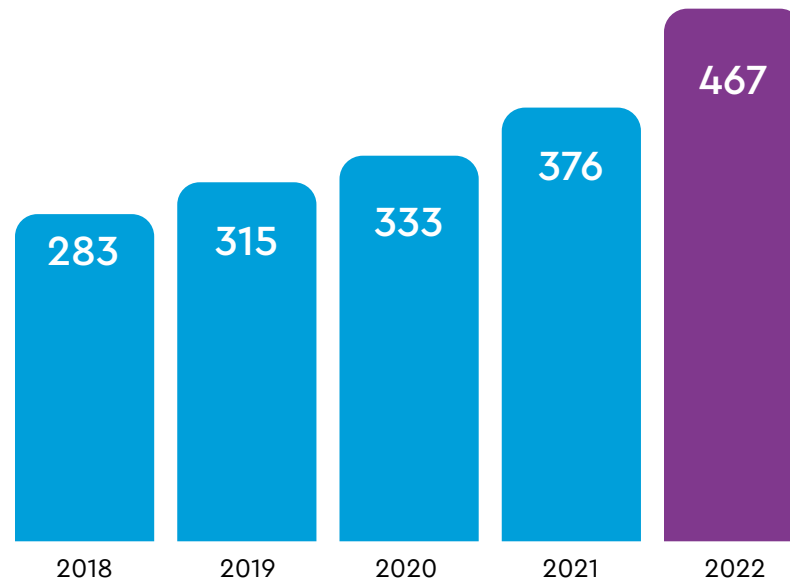
The Channel Islands mortgage book is mature and the absolute value is now fairly static.

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.

Gross Mortgage Lending (£m)



Mortgage Book Quality

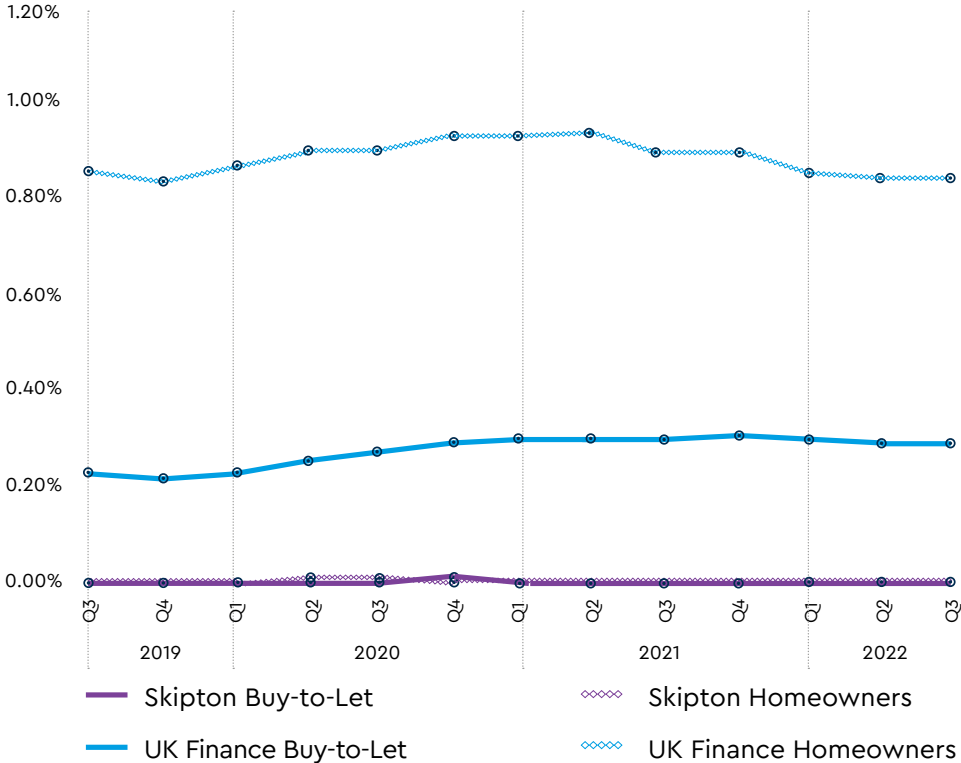


Residential mortgages in arrears by three months or more is 0.00% (2021: 0.01%).



Skipton has only ever repossessed two properties since 2002.

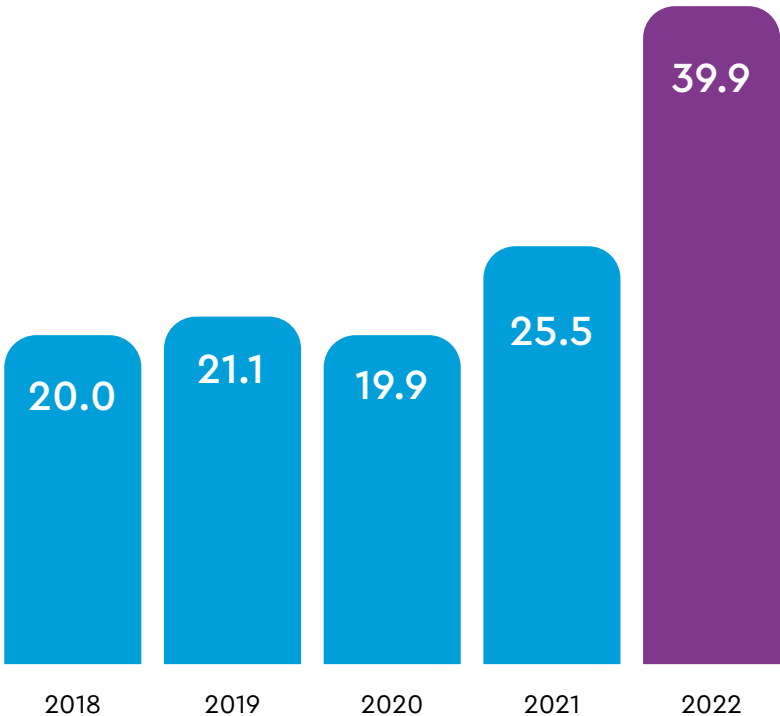
Arrears over 2.5% of Mortgage Balance



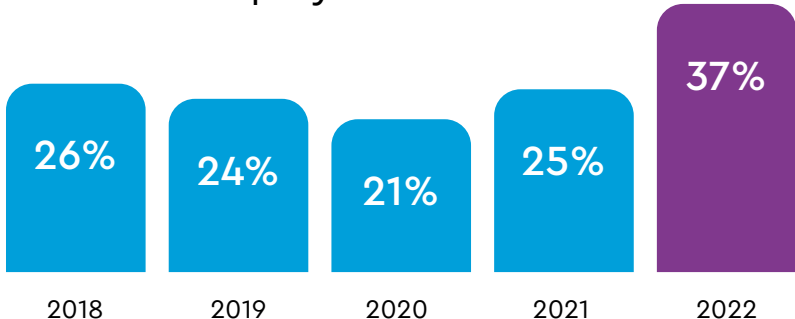
(Sourced from UK Finance mortgage arrears data, consolidating data from more than 250 firms in the UK)

Profit Performance

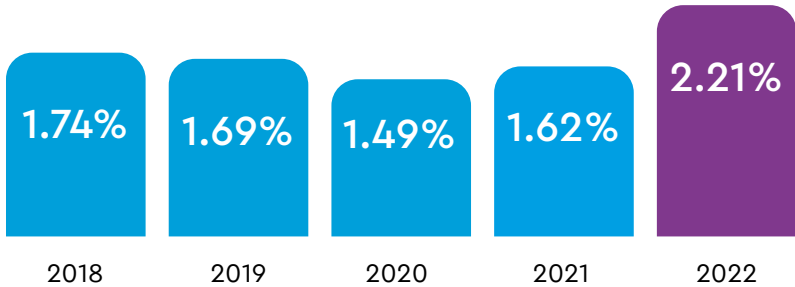
Profit Before Tax (£m)



Return on Equity



Interest Margin



Liquidity



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



At 31 December 2022, Skipton's Liquidity Coverage Ratio was 167%, well above the regulatory minimum of 100%.



At 31 December 2022, Skipton's Net Stable Funding Ratio was 143%.



At 31 December 2022, Skipton's liquidity as a percentage of deposit liabilities was 20.0%.



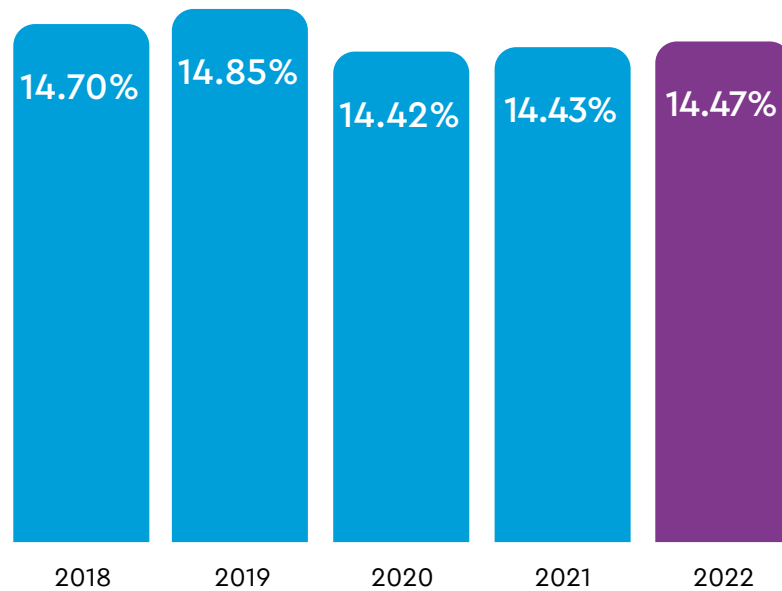
Skipton maintains a diverse stock of quality liquid assets with strong credit ratings.



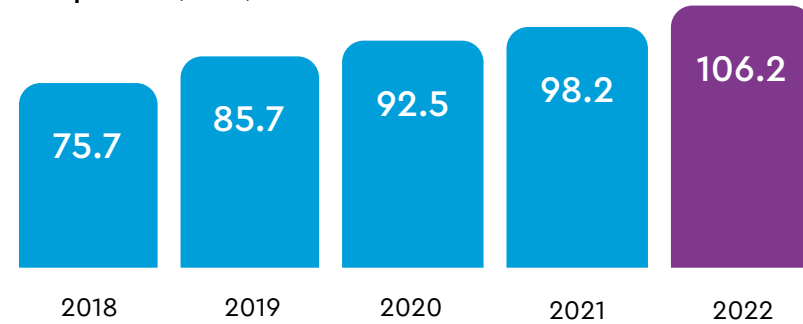
Skipton now accepts US Dollar accounts.

Skipton's Capital Strength

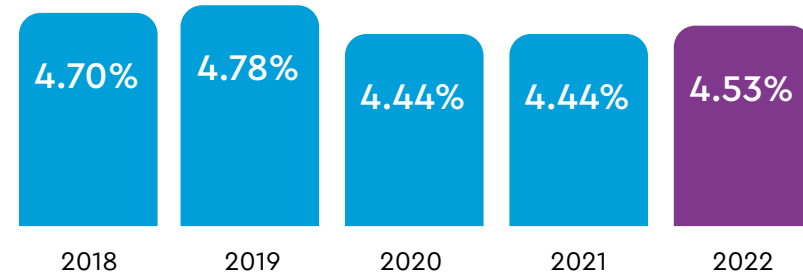
Common Equity Tier 1



Capital (£m)



Leverage Ratio



Sustainability

Skipton International (Skipton) has always strived to be an effective corporate citizen, doing good in the communities in which we operate, and being fair and open with our valued customers is important to us.

In 2019 we formalised our approach to environmental and sustainability issues by choosing 4 priority goals of the 17 United Nations Sustainable Development Goals.

Skipton has become the first Channel Island organisation in the banking sector to commit to the United Nations Environment Programme Finance Initiative (UNEP FI).

UNEP FI's 'Principles for Responsible Banking' creates best working practice on topics from climate and nature to gender equality and financial inclusion. Skipton's commitment to the Principles for Responsible Banking is an important step towards aligning the banking sector with the UN Paris Agreement on Climate Change and Sustainable Development Goals.

[Visit Skipton's Sustainability page for more information](#)



8 DECENT WORK AND ECONOMIC GROWTH 

OUR COMMITMENT
We will be one of the best places to work.

OUR TARGET
Score 9.0 on our annual Employment Engagement Survey by 2025 for "I am satisfied with Skipton as an employer".

Annually retain at least 90% of colleagues.

70% of team members to hold at least Certificate level qualifications by 2025


11 SUSTAINABLE CITIES AND COMMUNITIES 

OUR COMMITMENT
We will help more people into homes and support our local communities.

OUR TARGET
Help 200 first-time buyers into homes annually.

Increase the time our people spend volunteering in the community by 100% by 2025.

Annually support at least 25 Channel Island bases charities / good causes through the Community Fund.


12 RESPONSIBLE CONSUMPTION AND PRODUCTION 

OUR COMMITMENT
We will give more back to the planet than we take.

OUR TARGET
Maintain the offsetting of 125% of our annual Carbon Footprint

To become Carbon Neutral by 2024.

Reduce paper consumption by 20% per customer by 2025.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS 

OUR COMMITMENT
We will always consider the interests of all stakeholders.

OUR TARGET
Showing that we care about our customers by maintaining Feefo Platinum Trusted Service Provider status.

Commit to a Graduate / School Leaver Programme by the end of 2023

Summary and Focus



Profit before tax:
FY 2022: £39.9m
FY 2021: £25.5m



Net Interest
Margin was 2.21%
(2021 FY: 1.62%)



Maintained
excellent asset
quality with very
low arrears.



Delivered a strong
CET1 capital and
Leverage ratio of
14.47% and 4.53%
respectively at
2022, including
audited profit.



Delivered a
strong return
on equity
of 37%.
FY 2021: 25%



Excellent Feefo
score of 4.7 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 £34bn.</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>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



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