

Summary Financial Statement

Details of your Society's financial performance in 2020.

This financial statement is a summary of information in the audited Annual Report and Accounts, the Directors' Report and the Annual Business Statement, all of which are available to members and depositors free of charge at every office of Yorkshire Building Society, from 29 March 2021. However, as branches are only open for essential transactions for a copy of the full 2020 Annual Report and Accounts, visit ybs.co.uk/annualreport, email agm@ybs.co.uk or contact us from 23 March 2021.

Summary Directors' Report

The information contained in the Chairman's welcome and Chief Executive's review on pages 2 to 9 addresses the requirements of the Summary Directors' Report.

The directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has continued to be adopted in preparing the Annual Report and Accounts.

Approved by the Board of Directors on 23 February 2021:

John Heaps - Chairman

Alasdair Lenman - Chief Finance Officer

Mike Regnier - Chief Executive

Group Income Statement	2020 £m	2019 £m
Net interest income	438.0	464.6
Fair value gains and losses	(10.7)	(21.9)
Net realised gains	12.9	6.3
Other income	13.8	8.4
Total income	454.0	457.4
Management expenses ¹	(275.8)	(289.6)
Impairment of loans and advances to customers	(12.2)	(0.2)
Movement in provisions	(4.7)	(0.4)
Profit before tax	161.3	167.2
Tax expense	(37.8)	(38.3)
Profit for the period	123.5	128.9

¹ Includes administration expenses, depreciation and amortisation.

Group Statement of Financial Position

	2020 £m	2019 £m
Assets		
Liquid assets	8,403.2	5,602.3
Loans and advances to customers	38,798.6	37,984.4
Other assets	729.0	691.2
Total assets	47,930.8	44,277.9
Liabilities		
Shares - retail savings	33,368.3	30,677.3
Wholesale funding and other deposits	10,500.9	9,924.4
Subordinated liabilities	645.0	626.4
Other liabilities	619.7	383.1
Total liabilities	45,133.9	41,611.2
Members' interest and equity	2,796.9	2,666.7
Total members' interest, equity and liabilities	47,930.8	44,277.9

Summary of key financial ratios

	2020 %	2019 %
Gross capital as a percentage of shares and borrowings	7.85	8.11
The gross capital ratio is the relationship between the Group's capital and its liabilities to investors. Capital comprises general reserves (i.e. accumulated profits), hedging and revaluation reserves, subordinated liabilities and subscribed capital.		
Liquid assets as a percentage of shares and borrowings (liquidity ratio)	19.16	13.80
The liquid asset ratio measures those assets available to meet requests by savers to withdraw their money, to fund mortgage advances and to fund general business activities. It expresses cash and assets easily converted into cash as a percentage of the Group's liabilities to investors.		
Profit for the year as a percentage of mean total assets	0.27	0.30
Management expenses as a percentage of mean total assets	0.60	0.66
The management expense ratio measures how cost effective the Group is. It is calculated by comparing the management expenses (administrative expenses opposite) for the year with average total assets.		

Independent auditors' statement on the Summary Financial Statement to the members of Yorkshire Building Society.

We have examined the Summary Financial Statement of Yorkshire Building Society (the 'Society') set out on pages 12 to 13, which comprises the Group Income Statement, Group Statement of Financial Position and summary of key financial ratios.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Summary Financial Statement, in accordance with the Building Societies Act 1986.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statement with the full Annual Accounts, the Annual Business Statement and the Directors' Report and its compliance with the relevant requirements of Section 76 of the Building Societies Act 1986 and the regulations made under it.

We also read the other information contained in this Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statement. The other information comprises only the Chairman's welcome, the Chief Executive's review and the Summary Directors' Remuneration Report.

This statement, including the opinion, has been prepared for and only for the Society's members as a body in accordance with Section 76 of the Building Societies Act 1986 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

Our examination involved agreeing the balances in the Summary Financial Statement

to the full Annual Accounts. Our report on the Society's full Annual Accounts describes the basis of our audit opinion on those Annual Accounts, the Annual Business Statement and the Directors' Report.

Opinion

In our opinion the Summary Financial Statement is consistent with the full Annual Accounts, the Annual Business Statement and the Directors' Report of Yorkshire Building Society for the year ended 31 December 2020 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986, and the regulations made under it.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds.

23 February 2021.



A WELCOME FROM YOUR CHAIRMAN

Our strategy is built around providing Real Help with Real Life

We do this by helping members secure a place to call home and improve their financial wellbeing. We've been a building society for over 150 years and from the beginning we've been there for those who trust us with their savings and their mortgages.

In 2020 being able to provide real help was crucial as we responded to the challenges of the COVID-19 pandemic - keeping members in their homes, protecting their savings and safely providing the essential financial services many needed.

Another strong performance in a challenging year

Once again I'm pleased to report a strong set of financial results, despite one of the most challenging years in our Society's history.

The consequences of the COVID-19 pandemic and the economic impact of leaving the EU are still uncertain. Although the vaccine rollout programme is well underway and a trading agreement has

to say how sorry we were that Catharine French, who we appointed as a Non Executive Director in April 2020, sadly passed away in May.

You can find out more about the directors you can vote for at the AGM and what they bring to the Society on pages 19 to 23.

As your Chairman I have responsibility for ensuring we're a well-run organisation run in your interests. Maintaining a robust

WE'RE IN A STRONG POSITION FINANCIALLY

been reached between the UK and the EU, there is some uncertainty around how effective these will be both in terms of immediate impact and longer-term challenges.

We're well placed to withstand these challenges and in a strong position financially. Mike Regnier, your Chief Executive covers this in more detail with a review of 2020 on pages 4 to 9.

Changes to your Board

Your Board is here to represent you and I'm pleased to welcome Mark Parsons, who joins us with extensive building society experience and knowledge. I'd also like to thank Mark Pain who has stepped down from the Board and Gordon Ireland who leaves after the conclusion of this year's AGM for all their valuable contributions over the last few years. I would also like

approach to support the long term success and sustainability of the Society will remain the priority of the Board in 2021, to ensure we're always doing the best for you.

Thank you – for being a member

I'm really proud of our response to the pandemic and how we've helped our members and I'd like to thank you for continuing to be part of our Society.

I would also like to thank our colleagues for their commitment and professionalism throughout 2020. Our colleagues make us who we are and I'd like to thank each and every one of them for continuing to deliver an exceptional customer experience in hugely challenging circumstances.

John Heaps, Chairman
23 February 2021

A REVIEW OF 2020

by Mike Regnier,
your Chief Executive

Photo taken pre March 2020 at Victoria Quarter, Leeds.

Delivering our purpose of providing real help with real life became even more important in 2020, as the COVID-19 pandemic created a challenging environment for our members, communities and colleagues.

We've been here for our borrowers and savers throughout 2020

There's no doubt that the pandemic has impacted every aspect of life, and the housing market has been no exception.

We've continued to provide the mortgages people need to buy their homes and supported over 39,000 customers that needed to take a payment holiday, ensuring they can stay in their own homes.

As one of the few lenders to offer 90% mortgages in 2020, we've seen some of the busiest days in our history for people applying for mortgages. So we've had to dip in and out of this type of lending to ensure our service levels were impacted as little as possible, and to balance the number of applications we received. All while continuing to support first-time buyers to get on the property ladder.



In 2020 we provided over 10,500 mortgages for people buying their first home

The pandemic has highlighted the importance of financial wellbeing and building savings to help deal with whatever the future holds.

We opened 227,000 savings accounts in 2020 and helped members access their money when they needed to, by keeping our branches and agencies open. With the Bank of England rate reduced to an all-time low of 0.1%, this continues to be a difficult time for savers. Across the year our rates beat the market by 0.17%¹ on average, that's equal to £51m in additional interest for savers.

The launch of our savings app came at just the right time and supported over 93,000 members to stay at home and transact digitally, through a new and easy to use channel.

“As a building society we're able to share the financial success of the Society with our valued members, by investing in them”

A key element of our purpose is to deliver long term value for our members

I'm very pleased to say that our strong financial performance has enabled us to increase the rates we pay to many of our most loyal savers. In January 2021 1.6m members received an increase to their interest rates, at a time when rates were at an all-time low.

¹ YBS Group average savings rate compared to rest of market average savings rates based on savings stock from CACI's Current Account and Savings Database (CSDB). Data period January-November 2020.



High standards of customer service have become even more important

Our Net Promoter Score™, which is an independent measure of how satisfied our customers are with the services we provide and how likely they'd be to recommend us, increased to +53², up from +51 in 2019. I'm particularly pleased we were able to achieve this at a time when many of our members really needed us the most.



In these challenging and uncertain circumstances, our colleagues have been brilliant

Every day I've heard stories of colleagues going above and beyond to support our members and one another. They are an absolute credit to the Society and I'm incredibly grateful and proud of them all.

To ensure we were able to continue providing members with essential financial services, in March a lot of our colleagues were able to start working remotely from home. Our contact centres and the vast majority of branches and agencies remained open throughout 2020, enabling our colleagues to continue to support and help members when they needed it.

Colleague engagement rose materially in 2020 to make YBS a top-quartile employer for engagement in our industry.

You can find out how we've been supporting our colleagues on page 18.

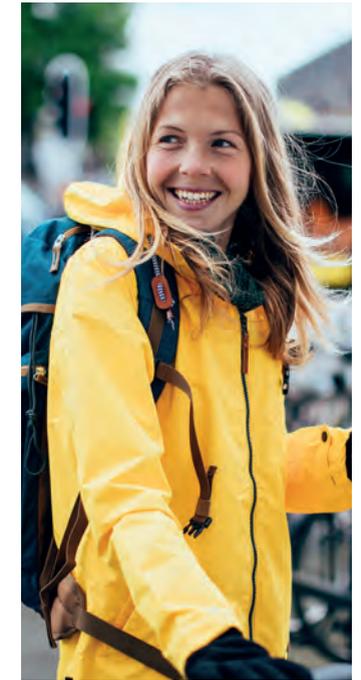


We looked for new ways to continue to support communities in 2020

We created and made available six online financial education sessions on our website and social media channels, to help support children and their families with home-schooling.



We're taking our financial education programme online in 2021 and are aiming to reach 55,000 people by the end of 2022. We're also launching a programme in our heartland community of Bradford, to help 2,000 people improve their skills and find work - young people just starting their careers and those without the right skills that need to upskill or change careers.

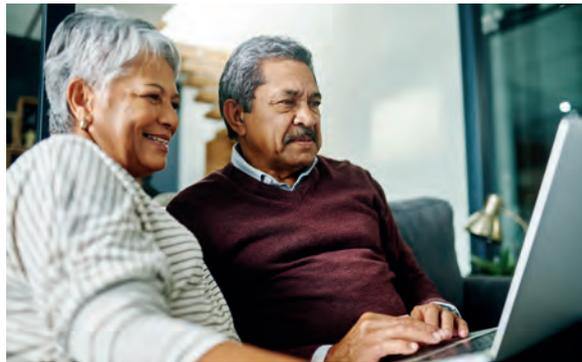


Thank you for helping us, help homeless young people

We continued to help homeless young people, launching a second bond for End Youth Homelessness, with both bonds raising a combined £248,782 for the charity. This brought the total raised during our three-year partnership to more than £1.1m and helped over 550 vulnerable young homeless people to have a safe place to call home. Our charity partner for the next three years is Age UK. Together we're aiming to raise £1m to launch the Building Better Lives programme, strengthening the financial resilience of thousands of older people most in need.



² KPMG Nunwood Customer Voice Programme January – December 2020. Based on 26,529 completed interviews with customers. Net Promoter Score and NPS are trademarks of Satmetrix Systems, Inc Bains & Company Inc., and Fred Reichheld.



We're investing and adapting for the future

In 2020 we completed a strategic review to ensure our priorities continue to support our purpose of providing Real Help with Real Life. As a result we're embarking on a major new transformation programme. This will lead to significant improvements in both customer experience and efficiency through investment in digital technology. We've already launched our new customer savings app as part of this and invested in reducing the amount of paper we use, which also supports our environmental commitments.

To ensure we're delivering good value to our members as a whole we've also had to make some difficult decisions. These include reducing our high street network in areas where it is most concentrated, announcing plans to close 12 branches that all have other YBS branches or agencies within nine miles. We also stopped offering face-to-face mortgage advice in our branches, as the demand for this has been decreasing for the last five years. Personal and convenient mortgage advice is still available from fully-qualified mortgage advisors by phone, which is a popular option with our members.

Financially strong and well positioned

Profit before tax for 2020 was £161m (vs £167m in 2019) and our core operating profit, which is a good guide to how profitable the Society is day to day, was £171m (vs £185m in 2019). This is a strong performance that we're proud of given the challenges presented over the year. We have continued to focus on reducing our costs (down 5% year on year to £276m) and improving our efficiency, so that we can provide our members with value for money.

We have good levels of capital reserves which help shield us from any financial uncertainties and protect our savers. We've also been growing our capital ratios over the past five years, with our Common Equity Tier 1 ratio increasing to 16.7% in 2020 from 16.6% in 2019. This basically measures our ability to absorb future losses and is much higher than the regulator's current requirements. We have also chosen to carry higher levels of liquidity than in previous years.

All of this means that as a business, we entered this crisis from a position of strength and we're set to achieve our aim of emerging even stronger.

Mike Regnier, Chief Executive
23 February 2021

