RESULTS PRESENTATION

2023
Annual Report and Accounts

YORKSHIRE BUILDING SOCIETY

DISCLAIMER

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S., AS DEFINED IN REGULATION S OF THE U.S. SECURITIES ACT 1933, AS AMENDED.

IMPORTANT: You must read the following before continuing. The following applies to the presentation materials following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the presentation materials. In accessing the presentation materials, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

This presentation is the property of Yorkshire Building Society (“YBS”).

The investments and services contained herein are not available to private customers in the United Kingdom.

By receiving this presentation, each investor (i) acknowledges that any offering is being made only outside the United States to non-U.S. persons in reliance upon Regulation S under the U.S. Securities Act of 1933, as amended (the “Securities Act”) and (ii) is deemed to represent that it is not a U.S. person within the meaning of Regulation S and is not accessing the presentation from a location within the United States its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, America Samoa, Wake Island and the Northern Mariana Islands or the District of Columbia). If you are unable to agree to and confirm each of the items above, then you will not be eligible to view the presentation and you must destroy all copies of the presentation immediately and notify us forthwith of having done so. This presentation is strictly confidential and intended only for use by the recipient. By electing to receive this presentation, you represent, warrant and agree that you will not attempt to reproduce or re-transmit the contents of this presentation in whole or in part by any means. Failure to comply with this restriction may constitute a violation of applicable securities laws.

This presentation is an advertisement and does not constitute a prospectus or other offering document (an "offering document") in whole or in part for the purposes of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA") and / or Part VI of the Financial Services and Markets Act 2000 (the “FSMA”). Information contained in this presentation is a summary only. Under no circumstances shall these presentation materials constitute an offer to sell or the solicitation of an offer to buy securities by YBS or by any of the managers (the “Managers”) retained by YBS for the transaction described herein. In particular, nothing in this presentation constitutes an offer of securities for sale in the United States. Recipients of these presentation materials who intend to subscribe for or purchase any securities are reminded that you must not make any investment decision whatsoever on the basis of this presentation, and that any investment decision for subscription or purchase must only be made on the basis of the information contained in the final prospectus published by YBS in connection with such offering, as supplemented (the “Prospectus”), and in particular, each reader is directed to the section therein headed “Risk Factors”.

The securities referred to herein have not been and will not be registered under the Securities Act or the laws of any state or other jurisdiction of the United States, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), absent registration or an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws.

These presentation materials may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the FSMA would not, if YBS was not an authorised person, apply or to whom this document may otherwise be lawfully communicated. As such, this communication is made only to persons in the United Kingdom who (i) are “investment professionals” within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the “Order”) having professional experience in matters relating to investments or (ii) are high net worth entities falling within Article 49(2)(a) to (d) of the Order or certified high net worth individuals within Article 48 of the Order (together, "relevant persons").

The securities referred to herein are not intended to be offered, sold or otherwise made available to and, should not be offered, sold or otherwise made available to any Retail Investor in the European Economic Area (“EEA”). For these purposes, a “Retail Investor” means a person who is one (or both) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (“MiFID II”); or (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No. 1286/2014 (the “EEA PRIIPs Regulation”) for offering or selling the securities, or otherwise making them available, to Retail Investors in the EEA has been prepared and therefore offering or selling the securities or otherwise making them available to any Retail Investor in the EEA may be unlawful under the EEA PRIIPs Regulation.

The securities referred to herein are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any Retail Investor in the United Kingdom. For these purposes, a “Retail Investor” means a person who is one (or both) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA ("UK MiFIR"). Consequently no key information document required by Regulation (EU) No. 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”) for offering or selling the securities, or otherwise making them available, to Retail Investors in the United Kingdom has been prepared and therefore offering or selling the securities or otherwise making them available to any Retail Investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

DISCLAIMER CONTINUED

The information given in this presentation is not intended to be relied on either as particular advice or for making investment decisions. By receiving this presentation each investor is deemed to represent that it is a sophisticated investor and possesses sufficient investment expertise to understand the risks involved in the offering. Investors must rely solely on their own examinations of the offering document in making a determination as to whether to invest in any securities offered.

Although the statements of fact in this presentation have been obtained from and are based upon sources that YBS believes to be reliable, YBS does not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and estimates included in this presentation constitute YBS's judgement, as of the date of this presentation and are subject to change without notice. There has been no independent verification of the contents of this presentation. It does not constitute or contain investment advice and nothing herein should be construed as a recommendation or advice to invest in any securities. No representation, warranty or undertaking, expressed or implied, is or will be made by YBS, any Manager or any other person as to, and no reliance should be placed on, the truth, fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation, or whether any information has been omitted from it. To the fullest extent permitted by law, YBS, the Managers and their respective directors, officers, employees, affiliates, advisors and representatives disclaim any and all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation. This presentation should not be construed as legal, tax, investment, financial, accounting, regulatory or other advice and the recipient is strongly advised to seek their own independent advice in relation to any legal, tax, investment, financial, accounting, regulatory or other matters. Neither YBS nor any Manager acts as an adviser to, or owes any fiduciary duty to, any recipient of this presentation.

Certain statements in this presentation may constitute "forward-looking statements". These statements reflect YBS' expectations and are subject to risks and uncertainties that may cause actual results to differ materially and may adversely affect the outcome and financial effects of the plans described herein. You are cautioned not to rely on such forward-looking statements. YBS disclaims any obligation to update their view of such risks and uncertainties or to publicly announce the result of any revisions to the forward-looking statements made herein, except where they would be required to do so under applicable law.

This presentation contains certain tables and other statistical analyses (the "Statistical Information") which have been prepared in reliance on information provided by YBS. Numerous assumptions have been used in preparing the Statistical Information, which may or may not be reflected in the material. As such, no assurance can be given as to the Statistical Information's accuracy, appropriateness or completeness in any particular context, or as to whether the Statistical Information and/or the assumptions upon which they are based reflect present market conditions or future market performance. The Statistical Information should not be construed as either projections or predictions or as legal, tax, financial or accounting advice. The average life of, or the potential yields on, any security cannot be predicted, because the actual rate of repayment on the underlying assets, as well as a number of other relevant factors, cannot be determined. No assurance can be given that the assumptions on which the possible average lives of or yields on the securities are made will prove to be realistic. Therefore information about possible average lives of, or yields on, the securities must be viewed with caution.

A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings for different types of issuers and on different types of securities do not necessarily mean the same thing. The significance of any rating should be analysed independently from any other rating.

If these presentation materials have been sent to you in an electronic form, you are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither YBS nor any Manager nor any person who controls any of them nor any director, officer, employee nor agent of any such entity or affiliate or any such person accepts any liability or responsibility whatsoever in respect of any difference between the presentation materials distributed to you in electronic format and the hard copy version available to you on request from YBS or any Manager.

CONTENTS

BUSINESS OVERVIEW, PURPOSE & STRATEGY

YORKSHIRE BUILDING SOCIETY

OUR BUSINESS OVERVIEW

- Yorkshire Building Society (YBS) is the third largest Building Society in the UK with total assets of **£61.0bn**
- A mutual organisation since 1864 serving circa **3m** members
- Operating under a dual-brand strategy:
  - Direct lending via YBS branches and digital
  - Intermediary lending via Accord Mortgages
- Traditional building society model with a primary focus on **UK retail mortgages and savings**, operating under the highest regulatory status for both lending and treasury activities under SS20/15

Retail Mortgages
£46.2bn

Retail Savings
£47.1bn

Ratings Agency[1]	Short Term	Long Term	Outlook	Last Update
Moody's	P-2	A3	Positive	June 2023
Fitch	F1	A-	Stable	May 2023

ESG Ratings[1]	Rating / Score	Scale (best to worst)
MSCI[2]	AAA	AAA to CCC
Sustainalytics[2]	12.9 (Low Risk)	0 to 100
S&P Global	51	100 to 0
Moody's Analytics	67	0 to 100

YORKSHIRE BUILDING SOCIETY

(1) Source: Moody's Investor Service, Fitch Ratings, MSCI ESG Research LLC, Sustainalytics, S&P Global, CDP Worldwide
(2) For relevant disclosures please see page 22 of the 2023 Annual Report and Accounts

OUR PURPOSE

“As a mutual, our very reason for being is to provide **real help with real life** for our customers. Helping them to find a place to call home and build their financial wellbeing, while providing long-term value.”

Susan Allen, Chief Executive Officer.

PLACE TO CALL HOME

FINANCIAL WELLBEING

MEMBER VALUE

YORKSHIRE BUILDING SOCIETY

STRATEGIC PILLARS

We have defined 4 Strategic Pillars anchored to the delivery of our strategy and purpose to take us through to 2030, that constitute a important evolution of our existing strategy.

Significantly, they are relevant to all areas of the business (and are customer, member, broker and colleague centric) and will help us define both what and how we go about delivery.

We are confident that being successful here will leave the business in a stronger place than when we inherited it, and in fact define the potential of the mutual for the 21st Century…

STRATEGIC PILLARS

DOUBLE REACH AND DEEPEN IMPACT

We'll create propositions that better meet more customer needs, and be more vocal about what we offer, to attract new business, cement our existing customer relationships and create greater synergy between our mortgage and savings book

CREATE JOYFUL EXPERIENCES

We'll be a pleasure to do business with, through whatever route our customers chose, with more efficient processes for colleagues as well as customers, stretching ourselves to exceed expectations with excellent service

CULTIVATE AN AMBITIOUS CULTURE

We'll create a culture where we more strongly define accountabilities and priorities, seek greater alignment, upskill colleagues and reward high performers. Our four targeted behaviours will remain and in fact be amplified through their position within this core pillar*

BUILD A FUTURE-READY SOCIETY

We will further strengthen our governance, risk and control processes and simplify our operations, technology and business architecture, so we're able to scale and yet become more agile and ambitious

*Four Targeted Behaviours: We Say it Straight, We Make it Happen, We Reach for Better and We Care about People

RESULTS HIGHLIGHTS

YORKSHIRE BUILDING SOCIETY

DELIVERING ON OUR PURPOSE

YORKSHIRE BUILDING SOCIETY

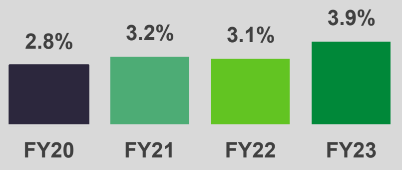
Real Help with Real Lives

Succeeding in providing Real Help with Real Life means helping people find a place to call home, promoting financial wellbeing and delivering long term value to members. In 2023 we have delivered another set of strong results across the following areas:

A Place to Call Home

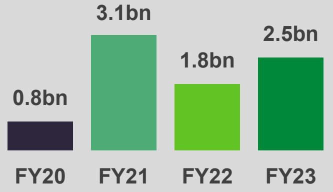
Gross Mortgage Market Share[1]

3.9%



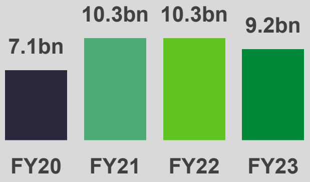
Growth in Mortgage Balances

£2.5BN



Gross Lending

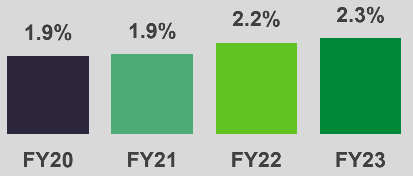
£9.2BN



Financial Wellbeing

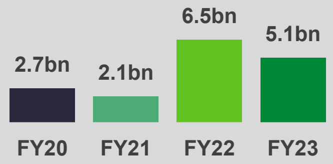
Savings Market Share[3]

2.3%



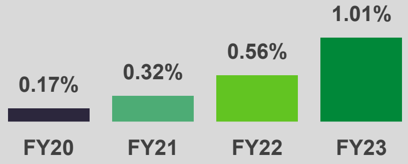
Growth in Retail Savings Balances

£5.1BN



Average Savings Rate Differential[2]

1.01%



(1) Based on Bank of England total industry gross lending. Data period January – December 2023.
(2) YBS Group average savings rate compared to rest of market average rates. Data source: CACI's Current Account and Savings Database (CSDB), Stock. Data period: January – December 2023.
(3) Source: YBS analysis of BSA Household savings. Data period January – December 2023

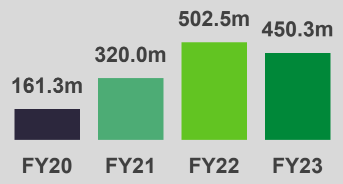
DELIVERING MEMBER VALUE

YORKSHIRE BUILDING SOCIETY

Member Value

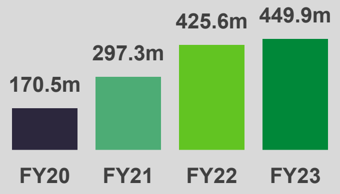
Statutory Profit Before Tax

£450.3M



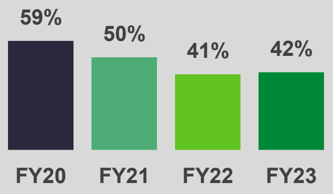
Core Operating Profit[1]

£449.9M



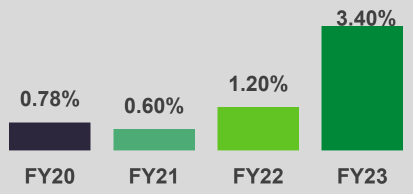
Cost to Core Income Ratio[1]

42%



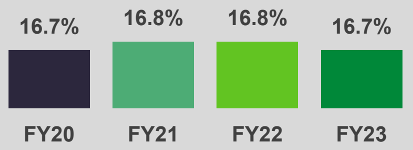
Average Savings Rate Paid

3.40%



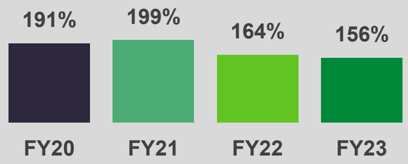
Common Equity Tier 1 Ratio

16.7%



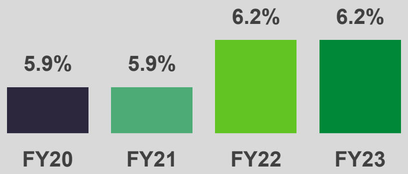
Liquidity Coverage Ratio

156.4%



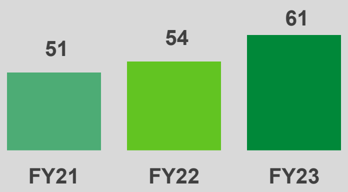
Leverage Ratio

6.2%



Net Promoter Score (NPS™)[2]

+61



(1) Definitions of alternative performance measures are provided in the glossary to the 2023 Annual Report and Accounts
(2) Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2023, based on 58,586 responses.

FINANCIAL PERFORMANCE

YORKSHIRE BUILDING SOCIETY

PROFITABILITY REMAINS STRONG

YORKSHIRE BUILDING SOCIETY

Income Statement

£m	2021	2022	2023
Net interest income	537.4	724.1	786.0
Fair value volatility	26.7	75.6	(5.5)
Net realised gains	0.8	2.9	1.6
Other income	12.7	8.8	4.3
Total income	**577.6**	**811.4**	**786.4**
Management expenses	(274.5)	(298.7)	(332.7)
Of which: Transformation Investment	(18.3)	(26.4)	(42.2)
Impairments of loans and advances to customers	19.2	(6.0)	(4.0)
Movements in provisions	(2.3)	(4.2)	0.6
Statutory profit before tax	**320.0**	**502.5**	**450.3**
Reverse out:			
Fair value volatility	(19.1)	(74.9)	2.2
Historical fair value credit adj. on acquired loans	(3.2)	(2.4)	(2.4)
Non-core elements of restructuring provision	2.1	0.1	(0.2)
Other non-core items	(2.5).	0.3	-
Core operating profit	**297.3**	**425.6**	**449.9**

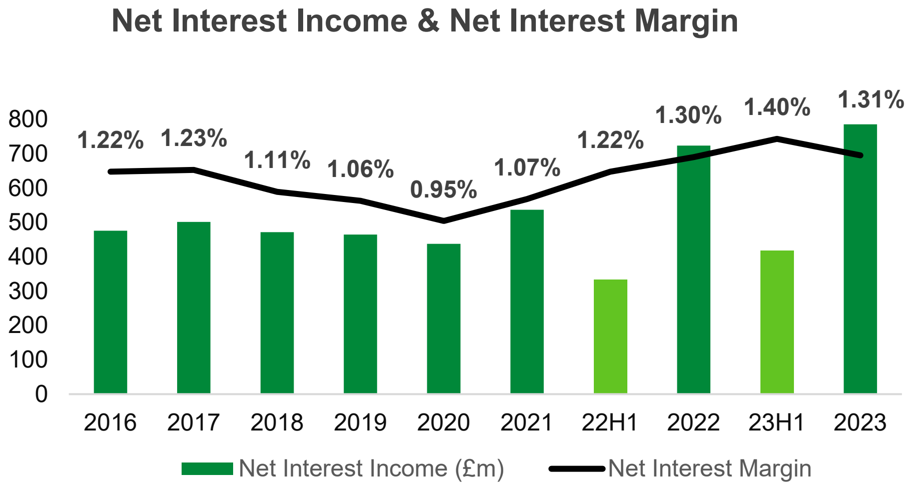
- Core operating profit rose to £449.9m (2022: £425.6m), supported by the rising interest rate environment and continued growth of our balance sheet, particularly within our savings book.
- The variance between statutory profit before tax & core operating profit has reduced significantly this year, due to a reduction in fair value volatility within the Society's balance sheet. This volatility relates primarily to mortgage pipeline swaps not yet in hedge relationships, as well as receive fixed swaps hedging fixed savings balances, which the Society does not place in hedge relationships. This volatility does not constitute any actual economic gain or loss to the Society.
- Overall management expenses were £332.7m (2022: £298.7m), owing to a higher than average pay award raising people costs, increased purposeful investment in change activities, and the effect of inflationary pressures on our cost base.

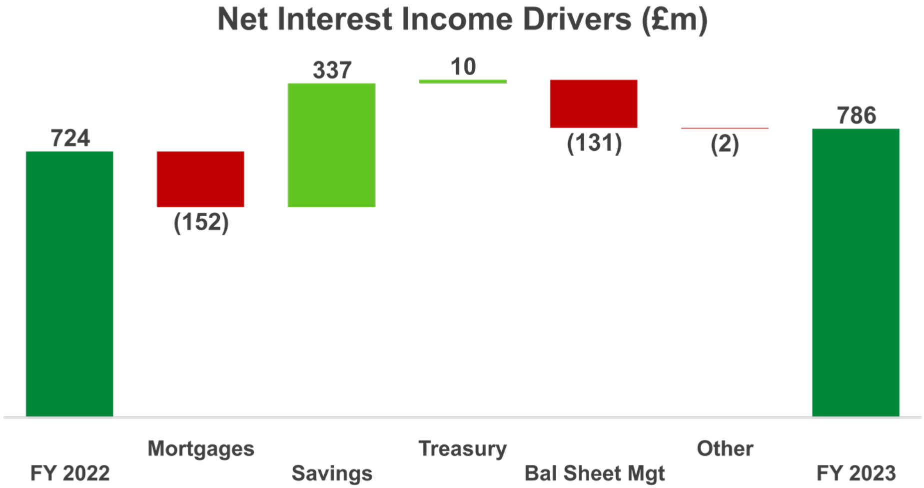
Key Metrics	2021	2022	2023
Net Interest Margin	**1.07%**	**1.30%**	**1.31%**
Cost / Mean Total Assets	**0.55%**	**0.54%**	**0.56%**
Cost of Risk[1]	**-0.1%**	**0.0%**	**0.0%**

(1) The cost of risk measure has been calculated using the impairment charge for the year divided by the average balance over the period of which is 0.01% for 2023.

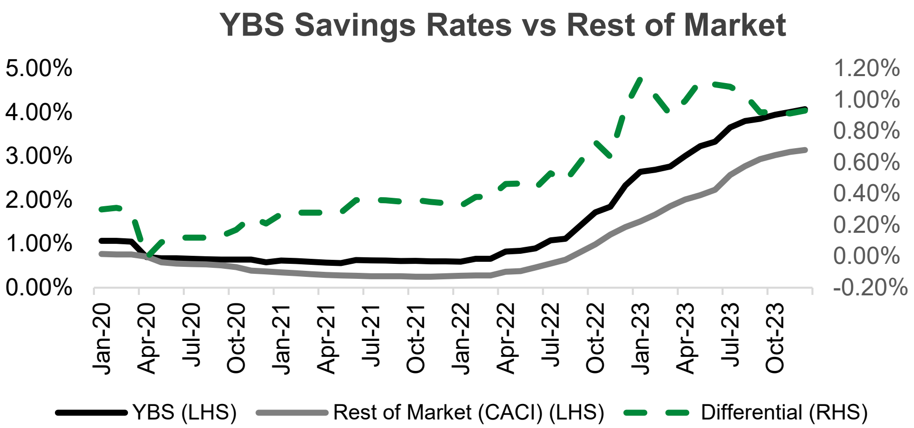
RESILIENT INCOME ENABLES US TO DELIVER VALUE TO MEMBERS

YORKSHIRE BUILDING SOCIETY





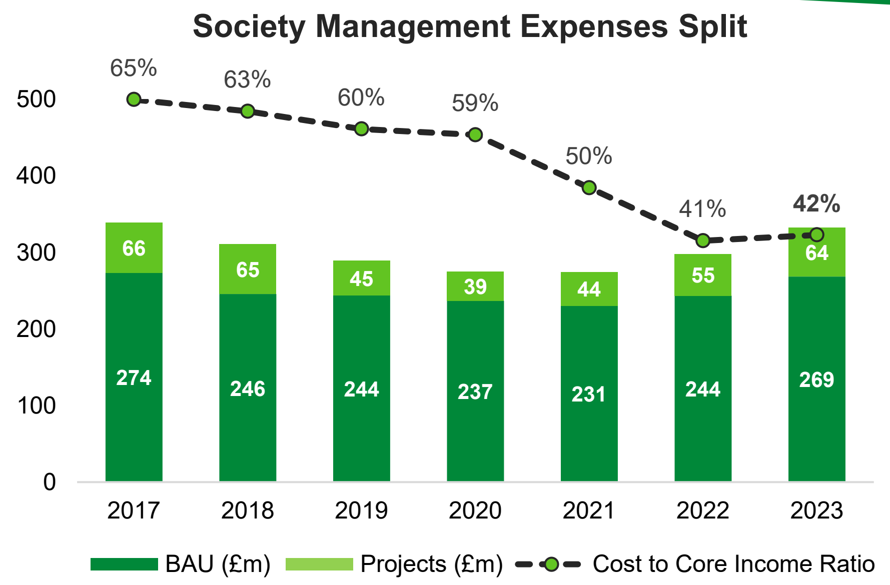
- Net interest income for 2023 was £786.0m, (2022: £724.1m), representing an improved net interest margin of 1.31%, an increase of 0.01pp compared to the equivalent period last year.
- Much like most of the industry, it is expected that the Society reached peak NIM in the first half of 2023 (1.4%), with headwinds from high margin mortgage business written in the lead up to the end of the stamp duty holiday in 2021 complimented by improved margin contribution from the savings book as rates have risen – this comes despite the Society having passed on c20% more of Bank Rate hikes than the market average over the last 24 months. Throughout H2 2023, much of the aforementioned high margin 2021 lending with a 2yr term has re-financed, compressing NIM.
- The minimum rate paid across our variable rate savings book was 3.45% at the end of 2023. We also delivered rates across the year that were on average 1.01% higher than the market average (FY 2022: 0.56%)(1).
- The reduced net income associated with Balance Sheet Management year-on-year is attributable to the impact of rising rates on the Society's Structural Hedge position.

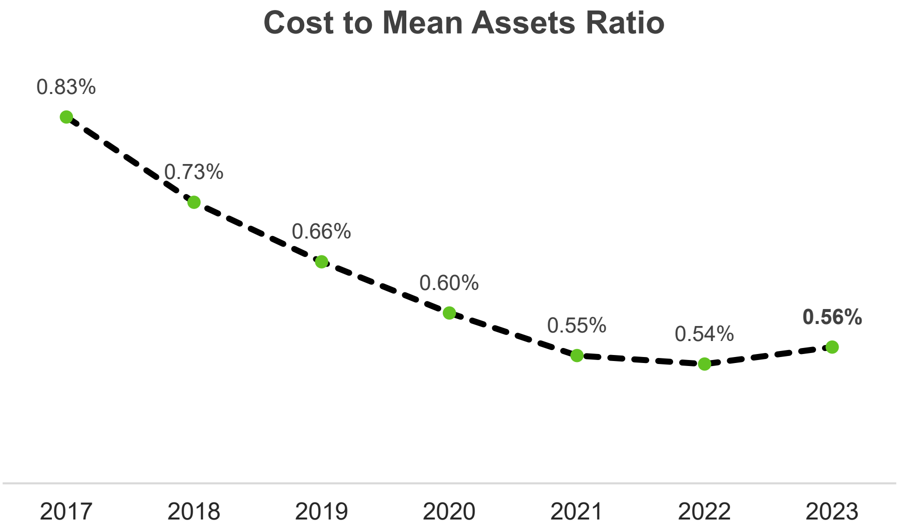


(1) YBS Group average savings rate compared to rest of market average rates. Data source: CACI's Current Account and Savings Database (CSDB), Stock. Data period: January – December 2023. Comparative period: January – December 2022.

CONTINUED COST DISCIPLINE

YORKSHIRE BUILDING SOCIETY





- Management expenses were £332.7m in 2023, a increase of £34m from the year prior. Cost to core income ratio therefore increased, rising to 42% (FY 2022: 41%), which reflects the growth in income relative to our cost base.
- This rise in management expenses is primarily driven by an increase in people costs, resulting from an above average pay award in the period and organisational design changes across the society, and combination of inflationary and investment led increases in IT spend. Growing marketing costs resulting from increased BOE mailing requirements as rates have risen and active marketing of margin generating savings products have also contributed to the increase in the period.
- We have also chosen to increase the pace of our customer experience investment, to expedite the delivery of key projects. With the wind down of the Transformation Roadmap and introduction of the T2 Programme at the end of 2023, total spend for the year was £42.2m (vs overall project spending of £64m), which has benefitted the following areas:
  - **Payments** – good progress with the introduction of Confirmation of Payee and work on Faster Payments to deliver a more agile payments infrastructure and streamlined payments process that will allow members to service their accounts safely and more efficiently.
  - **Mortgages** – continued work to further utilise our primary MSO platform, improving operational efficiency and de-risking our IT estate.
  - **Savings** - enabling same day, instant account access, creation of new self-serve customer journeys and the launch of a third-party identify verification process through HooYu.

WE MAINTAIN A LOW RISK, WELL CAPITALISED BALANCE SHEET

YORKSHIRE BUILDING SOCIETY

Balance Sheet

£bn	2021	2022	2023
Liquid assets	10.0	12.5	12.8
Loans and advances to customers	41.9	43.7	46.2
Other assets	0.8	2.6	2.0
Total assets	**52.7**	**58.8**	**61.0**
Shares-retail savings	35.5	42.0	47.1
Wholesale funding and other deposits	7.2	8.4	6.8
Government borrowing	5.7	3.2	1.0
Subordinated liabilities	0.9	1.0	1.6
Other liabilities	0.3	0.8	0.8
Total liabilities	**49.6**	**55.4**	**57.3**
Members' interest and equity	3.1	3.4	3.7
Total members' interest, equity and liabilities	**52.7**	**58.8**	**61.0**

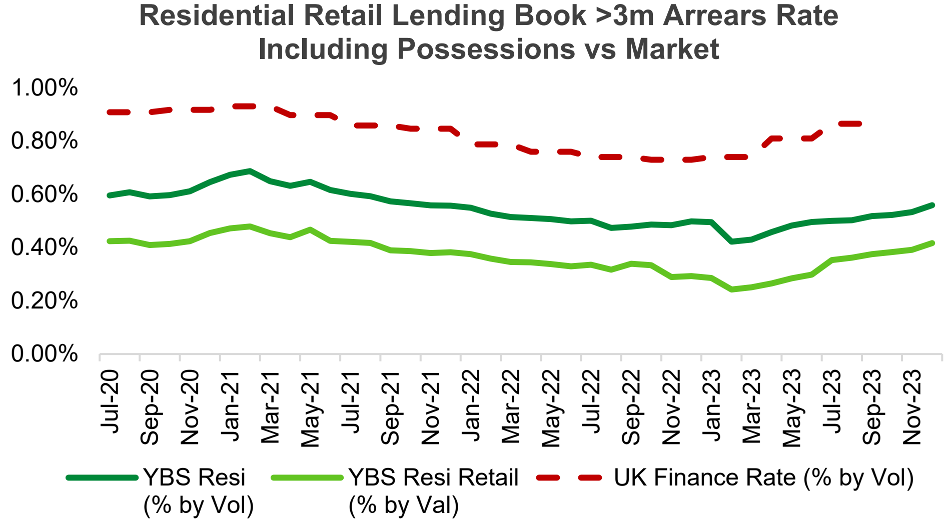
- Overall balance sheet growth achieved in 2023 stands at 3.7% (2022: 11.6%), primarily driven by savings growth (£5.1bn), but offset by the Society's timely exit from its TFSME exposure.
- Growth in mortgage balances was higher in 2023 at £2.5 billion (2022: £1.8 billion). Disruption to mortgage market in late 2022 resulted in a smaller pipeline of new lending being carried forward into 2023, however no further major disruption to this market occurred across 2023, supporting growth.
- Net savings flows continued to perform strongly; balance growth was £5.1 billion in the year (2022: £6.5 billion). The strength of our propositions, further increases to our back-book rates, and the widening of our rate differential to the market continued to support our growth.
- The Society has repaid £2.15bn of TFSME drawings in 2023, leaving £1bn outstanding.

Key Metrics	**2021**	**2022**	**2023**
CET1 Ratio	**16.8%**	**16.8%**	**16.7%**
UK Leverage Ratio	**5.9%**	**6.2%**	**6.2%**
LCR	**199%**	**164%**	**156%**
Loan to Deposit Ratio	**117%**	**106%**	**98%**

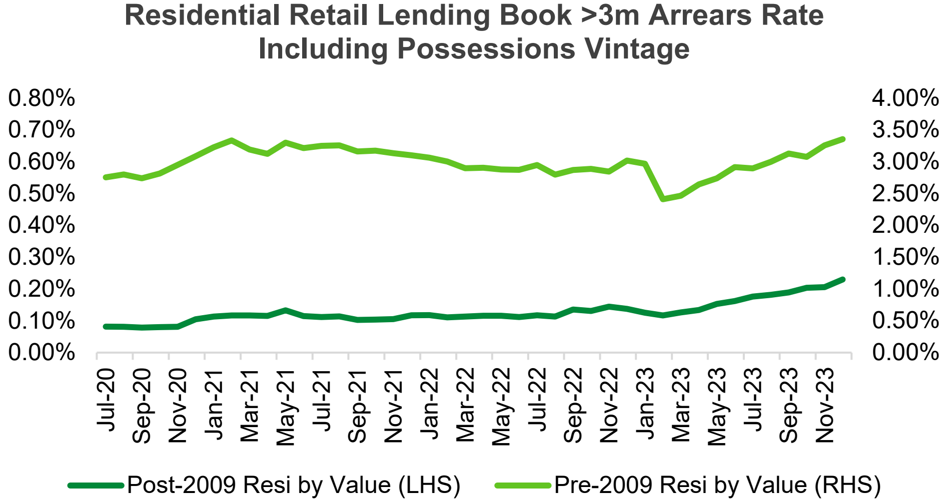
ASSET QUALITY

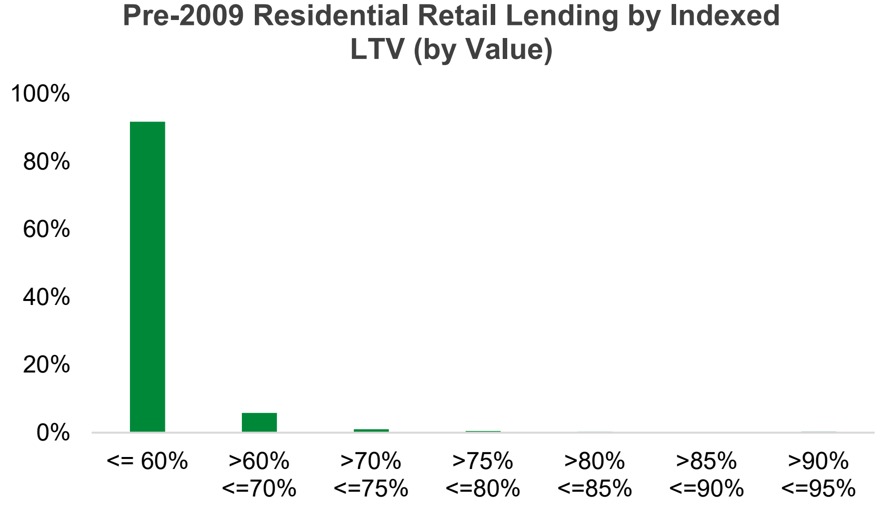
RESIDENTIAL MORTGAGE BOOK CREDIT QUALITY CONTINUES TO OUTPERFORM THE INDUSTRY

YORKSHIRE BUILDING SOCIETY



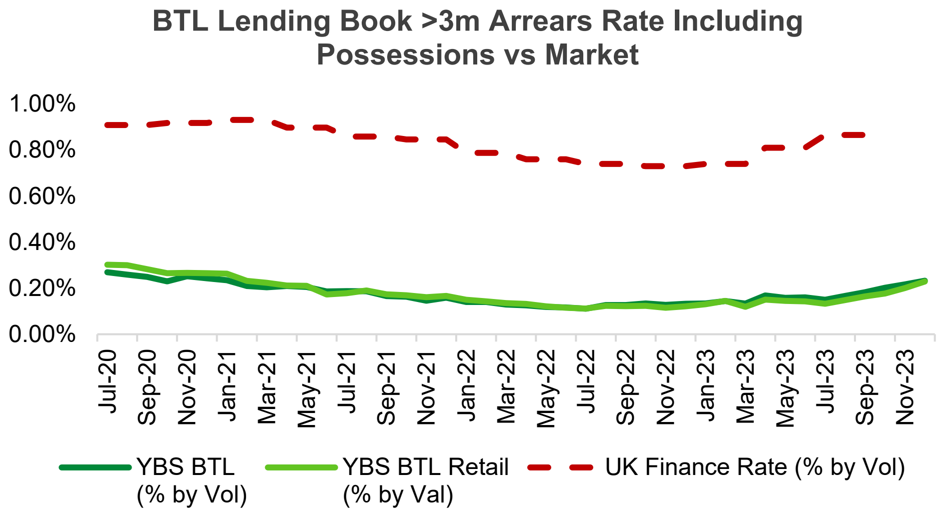
- The Society's mortgage book continues to perform very well with arrears levels significantly below the industry average. There has been a small rising trend for arrears across the second half of 2023, however overall levels remain extremely low by historical standards.
- The >3 month arrears rate including possessions (by value) increased slightly to 0.42% at the end of 2023 (December 2022: 0.29%).
- Problem loans continue to consist almost exclusively of pre-2009 originations. >3 month arrears rate including possessions (by value) for this vintage at the end of 2023 were 3.35%, substantially higher than the post-2009 rate of 0.23%.
- Pre-2009 originations represent just 6% of the total book with an average indexed LTV of 25.6%. Greater than 90% of pre-2009 loans have an indexed LTV of less than 60%.

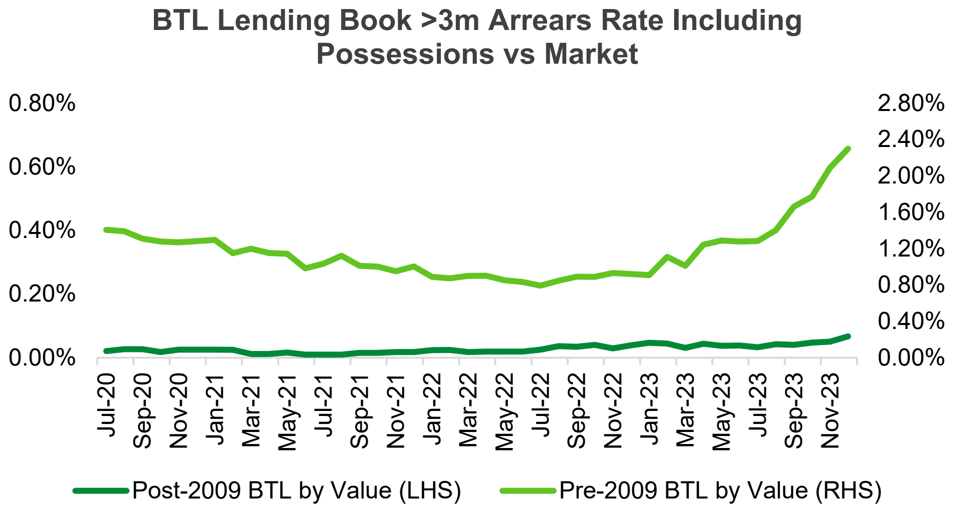




BTL MORTGAGE BOOK CREDIT QUALITY REMAINS ROBUST

YORKSHIRE BUILDING SOCIETY



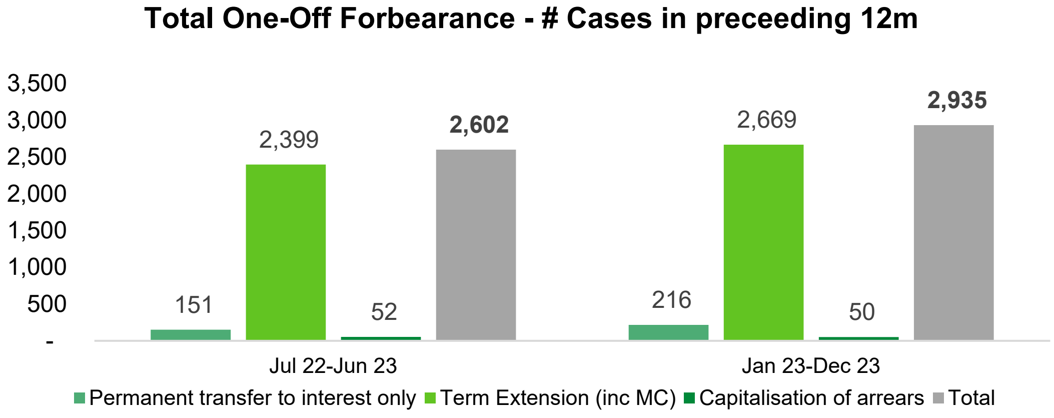


- The Society's BTL portfolio, like our residential mortgage book, is performing well.
- Arrears are well below the UK Finance rate and at the end of 2023, the >3 month arrears rate including possessions (by value) was just 0.23%.

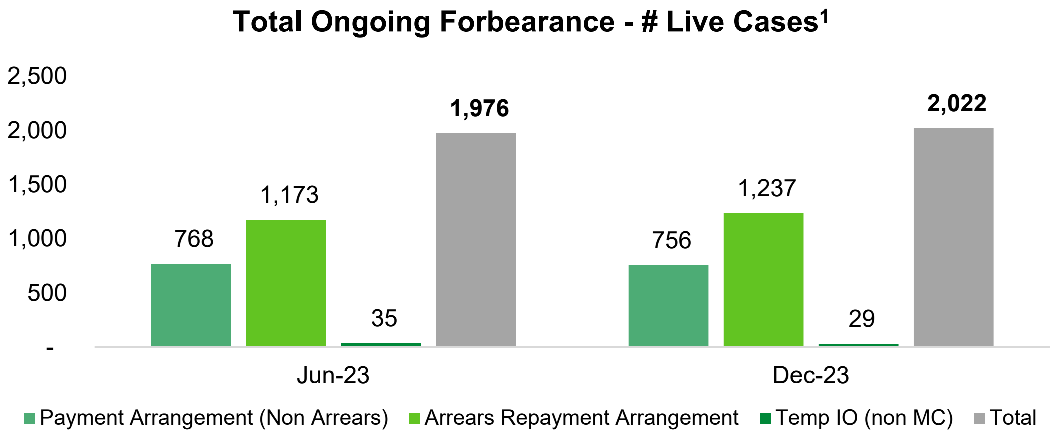
- Pre-2009 lending remains the primary driver of arrears, with >3 month arrears rate including possessions (by value) for this vintage being 2.30% at the end of 2023. In comparison the post-2009 arrears rate was just 0.07%.
- Although the 0.9% increase in pre-2009 >3 month arrears over 2023 seems significant at face value, this percentage is quoted relative to the size of the pre-2009 BTL book & actually only constitutes an increase of 42 accounts (with a total balance of £6.5m), with represents only 0.07% of the total BTL book.
- Pre-2009 BTL originations represent c7% of the total BTL book, with just under 90% of these having an indexed LTV of less than 60%.

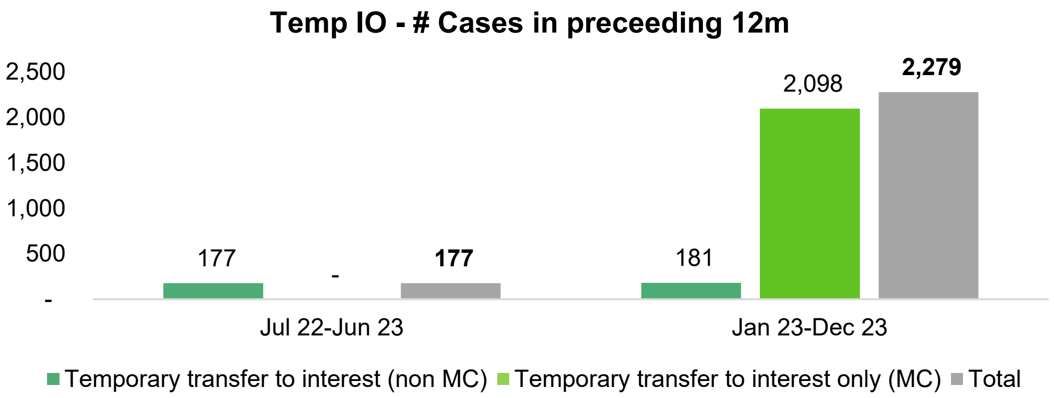
OVERALL FORBEARANCE HAS BEEN STABLE, AWAY FROM THE MORTGAGE CHARTER

YORKSHIRE BUILDING SOCIETY



- Overall forbearance levels have remained relatively stable between half year & full year 2023. This is true for both one-off forbearance measures, such as capitalisation of arrears & also ongoing agreements such as payment arrangements.
- Temporary Interest Only cases which have been granted through the mortgage charter have not been classified as forbearance within the Society's analysis. This is in line with the definition of the mortgage charter.
- Over the course of 2023, c2,300 temporary transfers to interest only were granted by the Society, with c92% of these being granted through the mortgage charter.





(1) Temp transfer to IO via mortgage charter not included

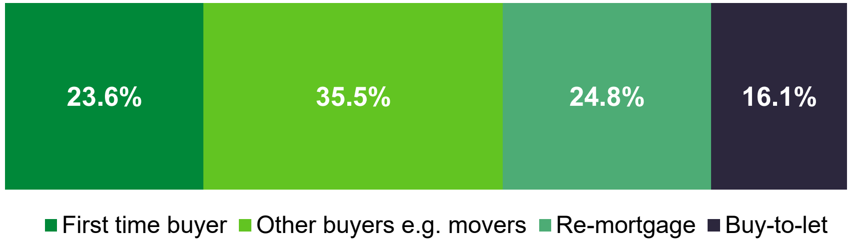
OVERALL MORTGAGE PORTFOLIO

YORKSHIRE BUILDING SOCIETY

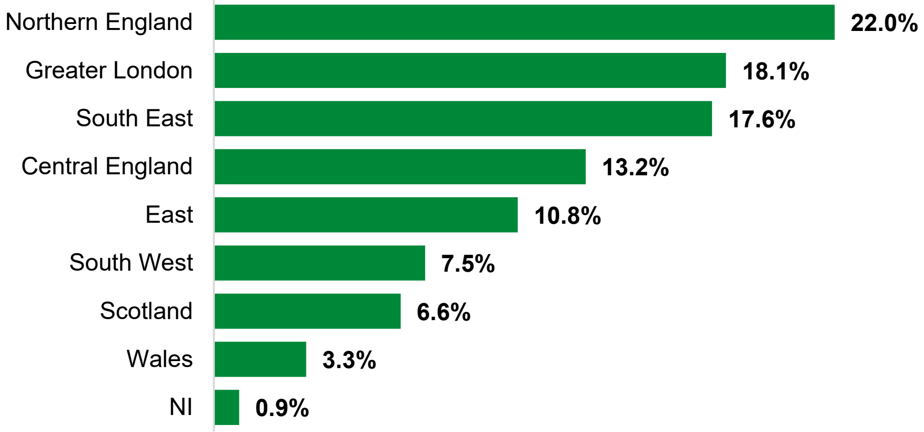
LTV Distribution of Residential Mortgage Portfolio by Value

Residential Mortgage Portfolio Customer Type (New Lending[1])

Residential Mortgage Portfolio Customer Type (Book)



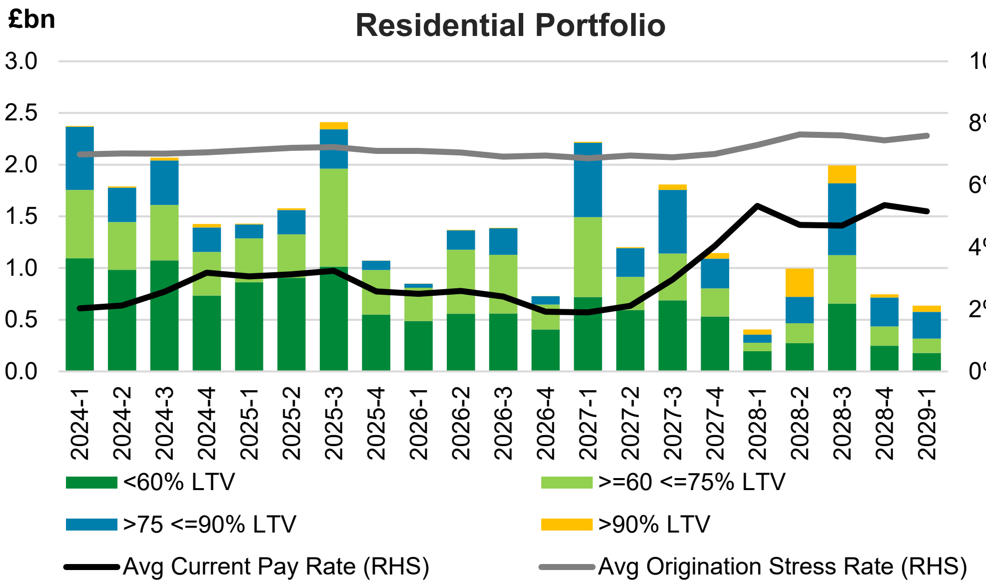
Region Split of Residential Mortgage Portfolio by Value

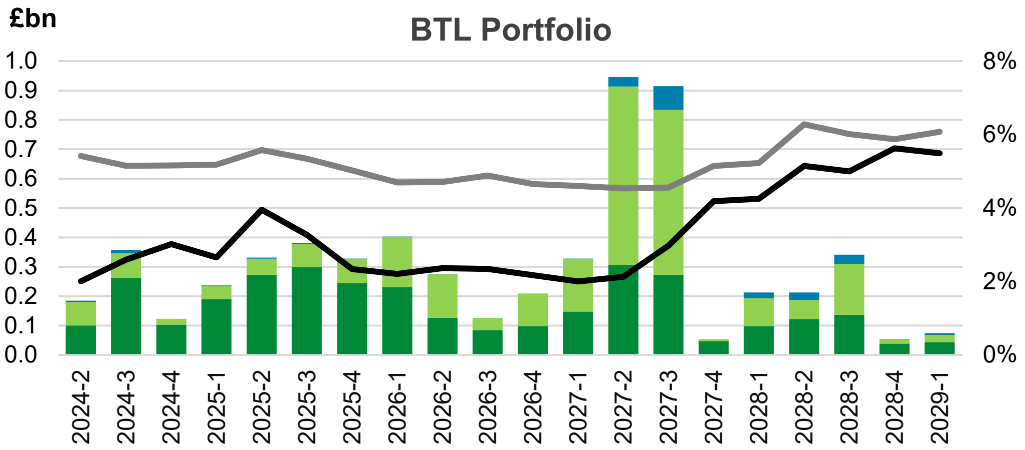


(1) New retail lending for period: January 2023 – December 2023

- The Society adopts a low risk strategy with all retail mortgages secured against residential property.
- The average indexed LTV of the retail mortgage book is 49.0%, while the average LTV of new retail lending across 2023 was 67.2%. For buy-to-let, these figures are 54.8% and 58.9% respectively.
- The regional distribution of mortgage stock is broadly aligned with the UK mortgage market.
- The total mortgage portfolio consists of Residential Prime (79.8%), Retail Buy-To-Let (15.4%), Commercial Lending (4.0%), Social Housing (0.4%) and Residential Sub-Prime/Self-Cert (0.4%).
- Applications have remained high in 2023, though not as high as the same period in 2022. Gross lending was £9.2bn (2022: £10.3bn).

MORTGAGE MATURITY PROFILES





- Circa 26% of residential mortgage balances reprice in 2024.
- The entire residential mortgage portfolio has an average stressed interest rate at origination of c7% or over.
- Given the current rates environment, many customers will be moving to higher rates following the maturity of their existing deal, however this is likely to be on a lower LTV product and still well below their stressed rate at origination.

- The average interest coverage across the BTL portfolio at the stressed rate is 507%. At product rate, the average interest coverage rises to 853%.
- For new originations, the minimum interest coverage is between 125% and 145% dependant on product type.

IMPAIRMENT OF FINANCIAL ASSETS – CONSERVATIVE MACROECONOMIC ASSUMPTIONS

YORKSHIRE BUILDING SOCIETY

Scenario / Weighting	ECL (£m)	Assumption (%)	2024	2025	2026	2027	2028	5-Year Average
Upside (5%)	**35.3**	HPI	2.0	3.0	3.5	4.0	4.5	3.4
		GDP	1.5	1.8	2.0	1.9	1.9	1.8
		Unemployment	4.0	4.0	4.0	4.0	4.0	4.0
		Base rate	4.8	4.0	3.5	3.5	3.3	4.0
Core (40%)	**38.7**	HPI	(4.0)	2.0	3.0	3.5	4.0	1.7
		GDP	0.3	0.8	1.0	1.2	1.3	1.0
		Unemployment	5.0	4.8	4.6	4.4	4.0	4.6
		Base rate	5.0	4.5	4.3	4.3	4.0	4.5
Downturn (35%)	**63.9**	HPI	(7.5)	(4.0)	2.5	0.5	1.2	(1.5)
		GDP	(0.1)	0.1	0.1	0.2	0.3	0.2
		Unemployment	6.5	6.0	5.8	5.5	5.0	5.8
		Base rate	6.0	5.5	5.5	4.0	3.5	5.1
Severe Downturn (20%)	**102.1**	HPI	(12.0)	(12.5)	(6.0)	(1.0)	0.5	(6.4)
		GDP	(4.5)	(1.5)	-	0.5	1.0	(0.8)
		Unemployment	7.0	9.0	8.0	7.0	6.5	7.6
		Base rate	7.0	6.0	5.5	5.0	5.0	5.8
Probability WA	**60.0**	HPI	(6.5)	(3.0)	1.0	1.6	2.4	
		Unemployment	5.9	6.0	5.7	5.3	4.9	

- The core scenario is the Group’s best estimate of how the UK economy will evolve and is aligned with the central scenario used in the Group’s financial planning processes.
- The downturn scenario can be characterised as a stagflation scenario, with high inflation and low growth. In this scenario the economy continues in a technical recession in the first half of 2024 and growth remains low thereafter. Inflation is embedded in the economy and remains above the 2% target throughout the scenario, interest rates continue to rise despite the recessionary conditions. Unemployment rises to 6.5% as a result, and house prices fall in both 2024 and 2025.

EXPECTED CREDIT LOSSES

YORKSHIRE BUILDING SOCIETY

	Gross Lending (£m)	Core ECL (£m)	PMA (£m)	Total ECL (£m)	Coverage	Avg LTV
Stage 1	41,597.7	5.5	3.0	8.5	-	50.2%
Stage 2	4,521.8	13.4	13.1	26.5	0.6%	36.5%
Stage 3	409.4	14.3	(0.5)	13.8	3.4%	42.5%
POCI	339.7	11.2	-	11.2	3.3%	40.1%
Total FY 2023	**46,868.6**	**44.4**	**15.6**	**60.0**	**0.1%**	**49.0%**

	Gross Lending (£m)	Core ECL (£m)	PMA (£m)	Total ECL (£m)	Coverage	Avg LTV
Stage 1	40,251.1	4.5	3.0	7.5	-	49.0%
Stage 2	4,277.3	8.2	18.1	26.3	0.6%	33.7%
Stage 3	338.3	7.9	3.4	11.3	3.3%	39.4%
POCI	385.4	13.3	-	13.3	3.5%	40.5%
Total FY 2022	**45,251.1**	**33.9**	**24.5**	**58.4**	**0.1%**	**46.8%**

2023 v 2022	**1,617.5**	**10.5**	**(8.9)**	**1.6**	**0.0%**	**2.2%**

- The Group has £339.7m of POCI loans (FY 2022: £385.4m), representing just 0.7% of the loan book. A substantial proportion of POCI balances (85%), were they not required to be classified as stage 3 by accounting standards, would transfer to other stages.
- 69.4% (FY 2022: 71.9%) of POCI balances have been fully up to date for the last 24 months and only 14.6% (FY 2022: 12.0%) of balances would be classified as in default. The POCI book is deemed to be low risk, with an average LTV of 40.1%.
- Post model adjustments (‘PMA’) are applied when an increase in credit risk is identified that is not effectively captured in the core expected credit loss models.
- Inflation is not a direct input into the underlying ECL models and, as a result, an Affordability PMA has been applied to reflect the risks of rising inflation, and its impact on customers’ ability to meet mortgage repayments.
- The Model Performance PMA aims to correct for the models limited sensitivity to different economic scenarios as a result of the limited default history.
- ‘Other’ PMAs include adjustments for factors where assumptions either cannot be considered within the model or are restricted by when external data is available. Such variables include House Price Volatility & Climate Risk.

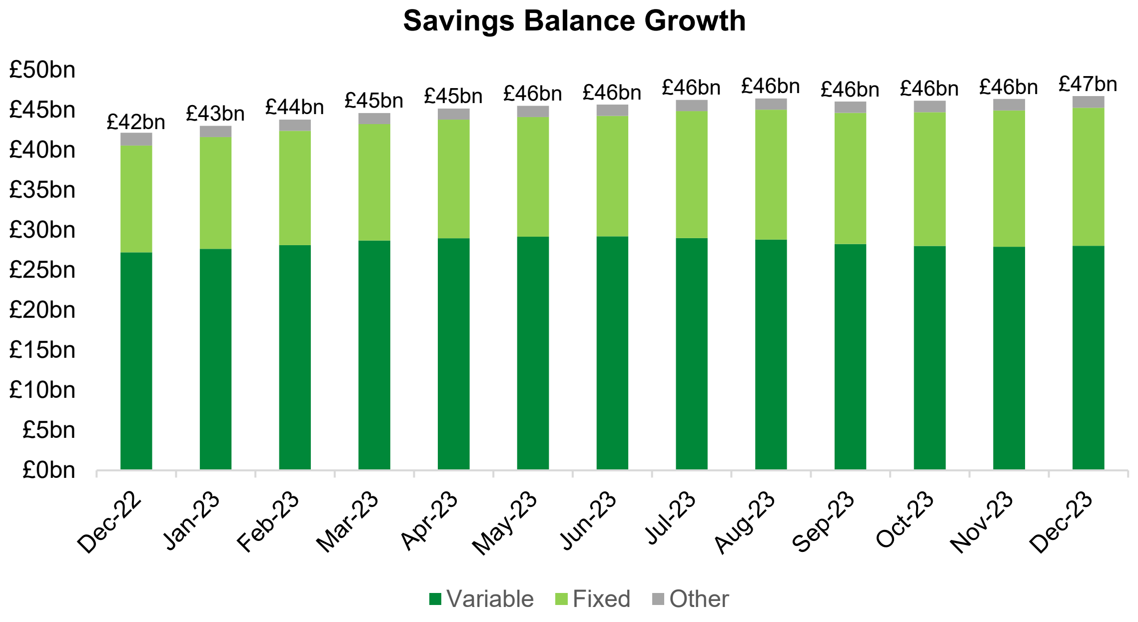
Post Model Adjustments (£m)	FY 2022	FY 2023	Movement
Affordability	10.8	7.1	(3.7)
Model Performance	6.6	10.0	3.4
Other	7.1	(1.5)	(8.6)
Total	**24.5**	**15.6**	**(8.9)**

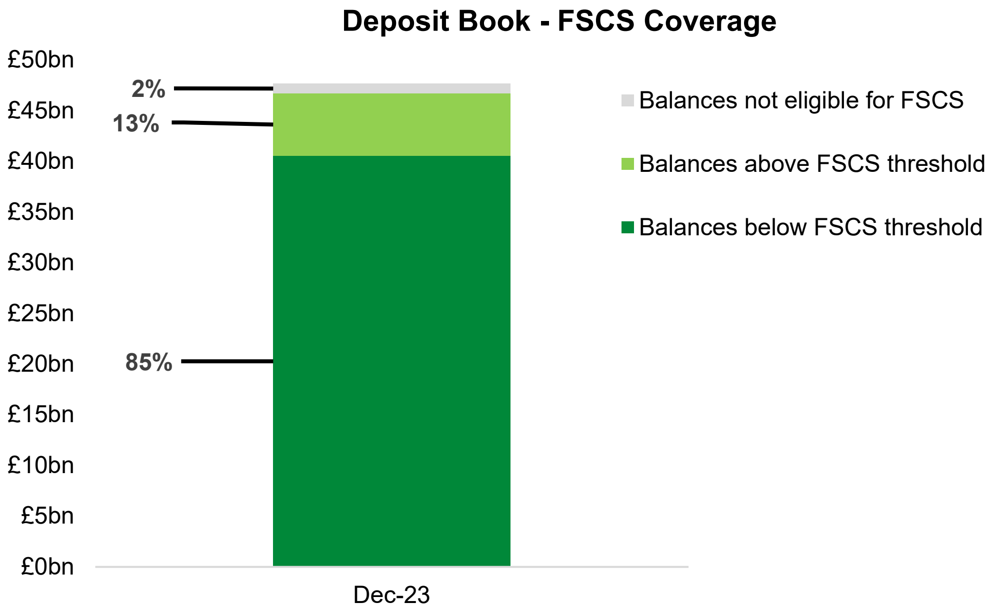
SAVINGS PERFORMANCE

YORKSHIRE BUILDING SOCIETY

THE SAVINGS BOOK HAS CONTINUED TO GROW, SUPPORTED BY STABLE ADMIN BALANCES

YORKSHIRE BUILDING SOCIETY



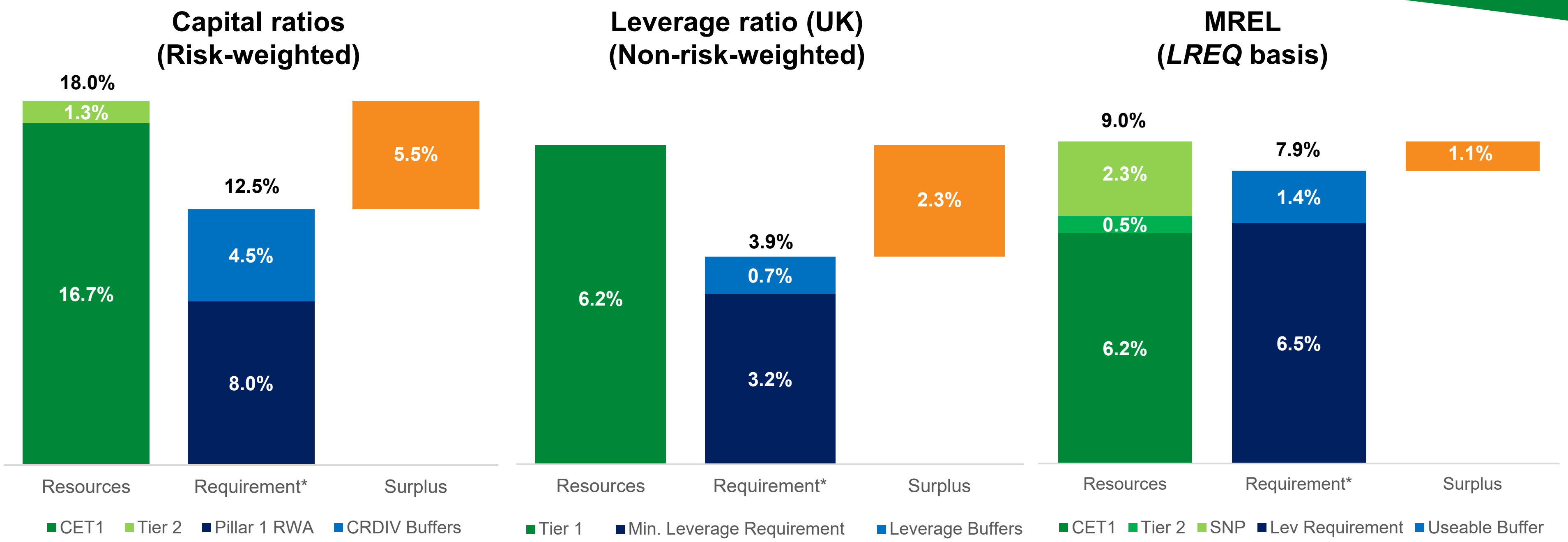


- The savings book grew by c£5bn across 2023, with growth in fixed deposits supported by a strong & granular base of sticky administered rate savings balances. YBS continued its strategy to reward its savers in 2023, paying rates which were on average 101bps[1] above the market average. The Society's strategy to pass on the majority of base rate increases across 2023 has also helped to protect the administered rate book, limiting churn into fixed rate deposits across 2023 to just c6% of the total variable book.
- The vast majority of the Society's savings balances are covered under the FSCS scheme, increasing their stickiness in a stress. Of the 15% that are not covered, 86% (13% of the total book) were not covered due to constituting the portion of a single customers balance that was >£85k, whilst the other 14% (2% of the total book) were ineligible for coverage.

(1) YBS Group average savings rate compared to rest of market average rates. Data source: CACI's Current Account and Savings Database (CSDB), Stock. Data period: January – December 2023.

CAPITAL & LIQUIDITY

THE SOCIETY MAINTAINS A HEALTHY BUFFER ABOVE ITS REGULATORY CAPITAL REQUIREMENTS

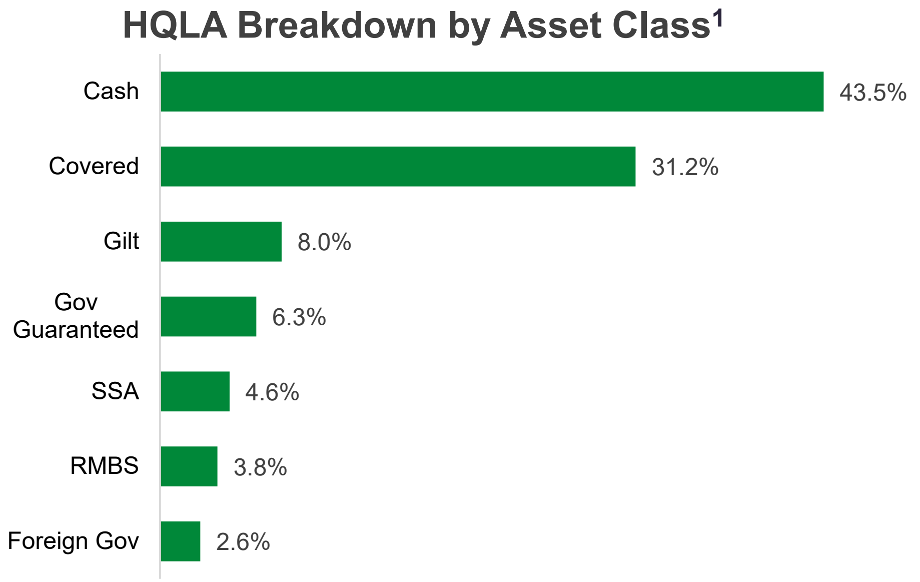


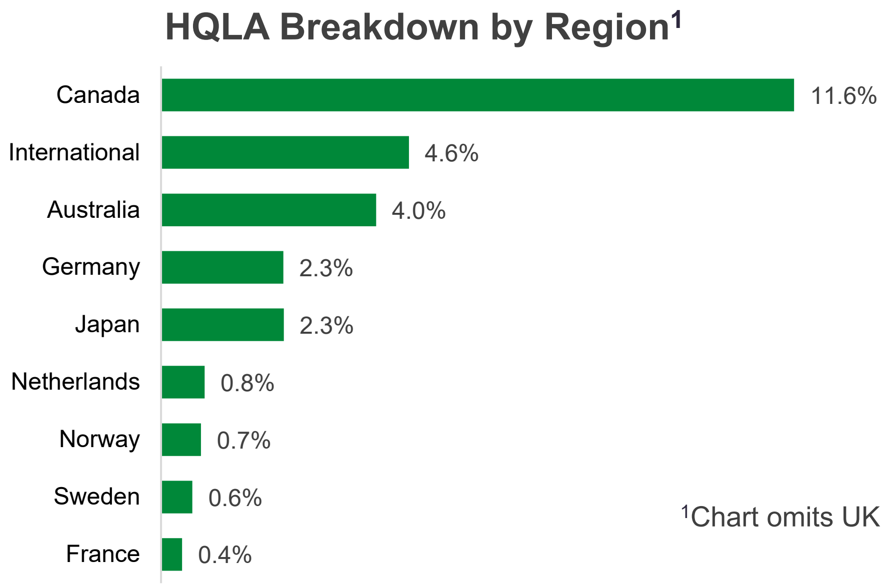
- **Financial strength** - The Society's latest reported capital position at Year-End 2024 (including: full-year audited profits) demonstrates we are adequately capitalised and continue to maintain sufficient headroom for key measures relative to our minimum regulatory requirements (on a risk-weighted, non-risk-weighted, and MREL *LREQ* basis). The charts above include the revised UK Countercyclical Buffer (CCyB) rate which increased from 1.0% to 2.0% in July 2023.

- **MREL (*LREQ* basis)** - As we move closer to *LREQ* status, MREL headroom is expected to be leverage-constrained and the maximum benefit to our surplus that can be achieved from IRB accreditation will be capped due to the application of the 'Useable buffer' methodology.

- **Basel 3.1** - The PRA are consulting on the implementation of Basel 3.1 (CP16/22) and are expected to continue providing further guidance on the final rules in Q2-2024 as we approach the go-live date of 1 July 2025. Based on the current draft guidance, we expect the Society will benefit from a slight reduction in Pillar 1 RWAs which will drive an increase in our risk-weighted capital ratios.

LARGE DIVERSE HQLA PORTFOLIO





[1]Chart omits UK exposure, 72.8%

- The Society maintains a large high quality liquid asset portfolio totalling c£10.7bn, well diversified by asset class and geographic region.
- 45% of the HQLA portfolio is rated AAA, with the remaining 56% rated between AA+ and A.
- The Society's liquidity coverage ratio at the end of 2023 was 156% (FY 2022: 164%), well in excess of the regulatory minimum.

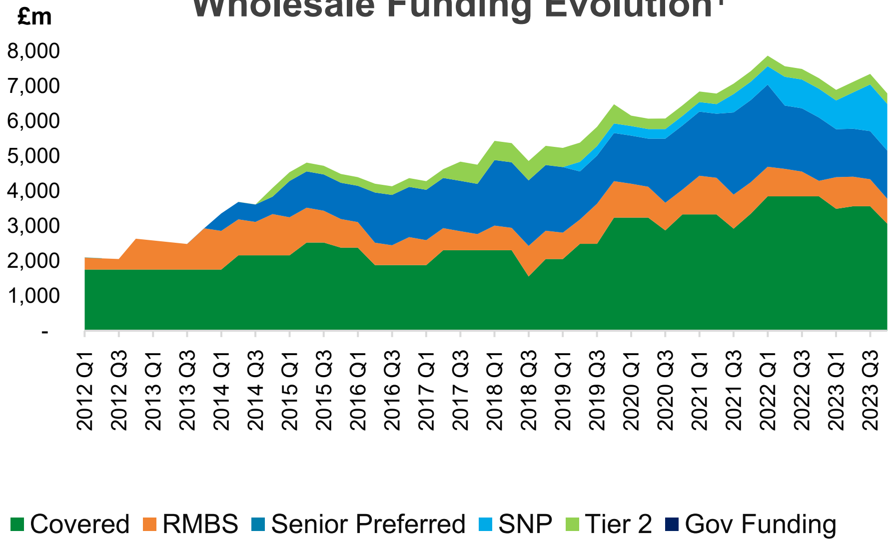
WHOLESALE FUNDING

YORKSHIRE BUILDING SOCIETY

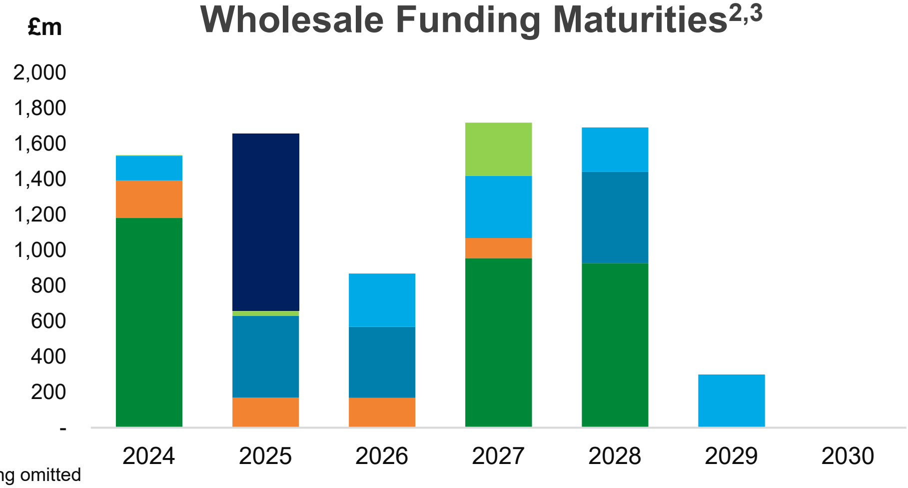
WHOLESALE FUNDING PROFILE

YORKSHIRE BUILDING SOCIETY

Wholesale Funding Evolution[1]

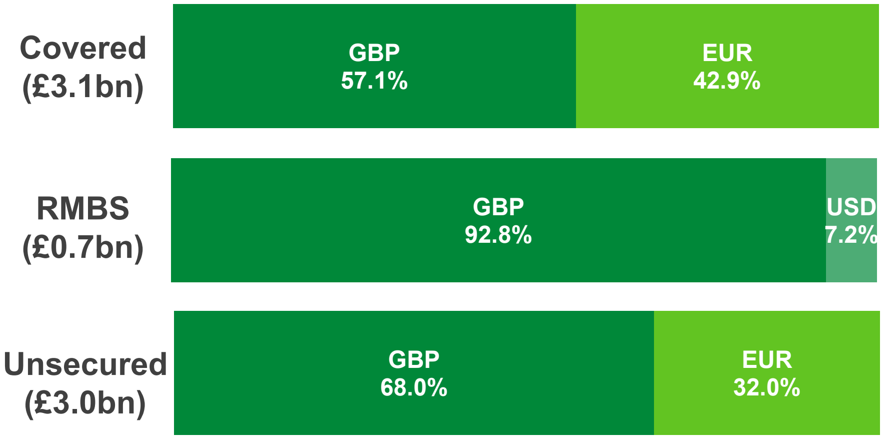


Wholesale Funding Maturities[2,3]



- As a Building Society, our funding mix primarily comprises retail deposits, however we maintain access to our core wholesale funding markets in a range of currencies to diversify our funding base.
- The Society has been active across 2023, with the successful re-issue of our previously retained Brass 11 RMBS transaction in January, a GBP SNP trade combined with an LME in May, a GBP Covered Bond in June and most recently a further GBP SNP issuance in September.
- The Society repaid £2.15bn in TFSME drawings in 2023, leaving £1bn outstanding.
- Expected secured funding volumes for the Society across 2024 are anticipated to be in the range of £0.75-1.5bn. The Society may also consider unsecured funding options.

Outstanding Wholesale Funding by Currency[2]



(1) Central bank funding omitted
(2) As at end of 2023
(3) Maturity assumed at call date rather than final maturity date

WHOLESALE FUNDING ISSUANCE HISTORY

YORKSHIRE BUILDING SOCIETY

Regular issuance history demonstrating our commitment to core wholesale funding markets in GBP, EUR and USD, which we have continued in to 2023.

ENVIRONMENTAL SOCIAL & GOVERNANCE

YORKSHIRE BUILDING SOCIETY

ESG STRATEGY

YORKSHIRE BUILDING SOCIETY

Our Purpose:
Real Help with Real Life

Place to call home	Financial Wellbeing	Investing in colleagues	Building a greener Society

Operating Responsibly

- The Society is currently updating its ESG strategy and setting new KPIs and targets for 2024, which will be officially introduced in the 2023 ESG Report published in June.
- In H2 2023, we conducted a full materiality assessment that captured qualitative and quantitative insight data from just under 2,000 key internal and external stakeholders. The output of the assessment is being used to identify the material topics which will sit within our four priority pillars, helping set the focus of what areas we will be focusing on over the next few years.
- The 2022 ESG Report was published in June 2023 and can be found here.

2023 ESG GOALS AND PERFORMANCE

YORKSHIRE BUILDING SOCIETY

ESG Theme	2023 Goal	2023 Performance
Home ownership	**3.5%**	**4.2%**[1] market share – people supported to have a place to home in 2023
Financial resilience	**100,000**	A further **159,046** people opened a new access savings account, including Salary Finance
Community Impact	**36,000**	A further **45,457** people across our communities received personal financial wellbeing support
	£400,000	A total of **£557,221** was contributed by members/ colleagues to charities and good causes
Flexible Access to Products and Services	**+55**	We increased our Promoter Score to **+61**
Responsible Operations	**<3.5 / <7**	We achieved **0.88** of complaints per 1,000 saving customers and **5.68** of complaints per 1,000 mortgages customers
Talent attraction and retention	**>40%**	**49.9%** of grade C+ above roles filled internally
	>8.5	Overall, colleagues scored engagement at **8.6**. Putting us in the upper quartile of engagement for financial services.
Diversity, equity and inclusion	**8%**	**7.3%** colleagues from Black, Asian and ethnically diverse backgrounds in senior management
	50% (‘+/-5%)	**49.3%** of senior management are female, in line with our 50:50 Women in Finance charter commitment
Pathways to net-zero	**Scope 1 & 2 Net Zero by 2035**	We have reduced our Scope 1 & 2 footprint by **99.95%** (since baseline of 2012) using market-based measurements, reflecting our continuing procurement of renewable energy.

- The table above features a selection of our ESG measures and goals that were published for the first time in our 2022 ESG report.
- We have 26 different measures across our six priority areas, which will be reported against on annual basis externally and are tracked internally by the ESG Committee on a quarterly basis.
- We’re refining and enhancing our ESG measures and goals for 2024, in alignment with with our updated ESG strategy that was developed after conducting our 2023 materiality assessment.

(1) Based on CACI application data, January 2023-December 2023.

2023 ENVIRONMENTAL UPDATE

YORKSHIRE BUILDING SOCIETY

2023 Progress

Strengthened governance: Established a Forum for senior leaders and two Working Groups for subject matter experts.

Recruited a team: YBS now has a dedicated Environmental Sustainability team driving progress against our commitments.

Energy Performance Certificates (EPCs): 59% data coverage across residential mortgage book, up 3 percentage points since 2022.

2024 Actions

Financed Emissions: Disclose the emissions of our mortgage portfolio in our 2023 ESG Report (published June 2024).

Scenario analysis and risk appetite: Refresh and rerun the climate model, helping inform review of risk appetite.

Training: Rollout Society-wide carbon literacy training.

Climate Champions: Launch Climate Champion Network to embed climate knowledge.

Customers: Energy-related product in the pipeline, along with further communications around home energy efficiency.

The Society's commitment to combating climate change is underpinned by the following principles:

Alignment to our purpose:

- Our approach to managing the risks and opportunities of climate change will keep our purpose to provide ***Real Help with Real Life*** as its core.

Products:

- ***Energy-related additional loan***: Rewards existing customers with discounted rates for implementing energy-related home improvements.

Collaboration:

- YBS collaborates with the ***Building Societies Association Green Finance Taskforce*** to help develop climate messaging from the sector & lobby political stakeholders.
- YBS continues to partner with the ***Yorkshire & Humber Climate Commission*** to deliver expertise, local relevance and collaboration opportunities.
- YBS regularly engages with the ***Green Finance Institute (GFI)*** to discuss green propositions and consumer insight.

CONTACTS

Alasdair Lenman
Chief Finance Officer
Email: alenman@ybs.co.uk
Tel: +44 (0)1274 472279

Duncan Asker
Director of Treasury
Email: dasker@ybs.co.uk
Tel: +44 (0)1274 472319

Nikki Young
Director of Finance
Email: nxyoung@ybs.co.uk
Tel: +44 (0)1274 472620

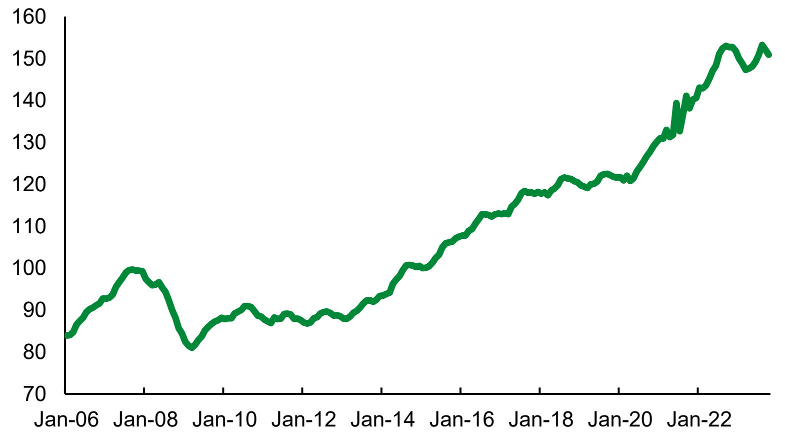
YORKSHIRE BUILDING SOCIETY

APPENDIX

UK HOUSING MARKET OVERVIEW

YORKSHIRE BUILDING SOCIETY

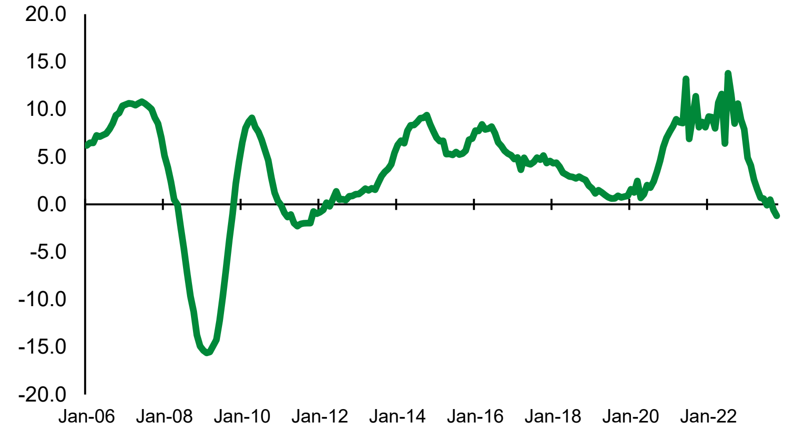
UK House Price Index[1]



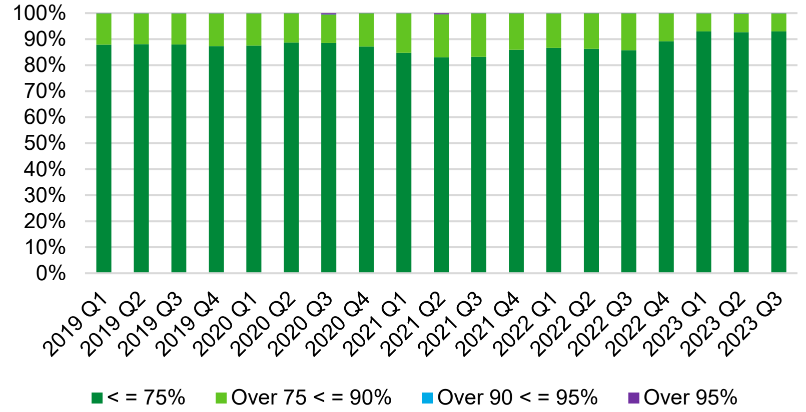
2023 Regional House Prices[1]

Region	Average Price (£) (Oct 2023)	MoM Price Change	YoY Price Change
East Midlands	245,632	-1.30%	-1.70%
East of England	348,615	-1.50%	-2.30%
London	527,979	-3.10%	-3.60%
North East	161,237	0.00%	0.20%
North west	215,719	-0.40%	-0.40%
South East	389,223	-0.90%	-2.00%
South West	330,260	0.90%	-0.60%
West Midlands Region	253,130	-0.50%	-0.30%
Yorkshire and the Humber	208,188	-0.20%	-1.20%
Scotland	191,233	-0.50%	0.20%
Wales	214,100	-0.50%	-3.00%

YoY House Price Change %[1]



UK New Mortgage Lending LTVs (% total)[2]



(1) Source: HM Land Registry data © Crown copyright and database right 2020 This data is licensed under the Open Government Licence v3.0. Data as at October 2023.
(2) Source: Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA).