

SUMMARY FINANCIAL STATEMENT

Details of our financial performance in 2021.

This financial statement is a summary of information in the audited 2021 Annual Report and Accounts, of Yorkshire Building Society and its controlled entities (the Group), a copy of which is available to members and depositors free of charge at every office of Yorkshire Building Society, from 30 March 2022. The information is also available online at ybs.co.uk/annualreport.

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 1 March 2022:

John Heaps - Chair of the Board

Alasdair Lenman - Chief Finance Officer

Stephen White - Interim Chief Executive

Group Income Statement	2021 £m	2020 £m
Net interest income	537.4	438.0
Fair value gains and losses	26.7	(10.7)
Net realised gains	0.8	12.9
Other income ¹	12.7	13.8
Total income	577.6	454.0
Management expenses ²	(274.5)	(275.8)
Impairment of loans and advances to customers	19.2	(12.2)
Movement in provisions	(2.3)	(4.7)
Profit before tax	320.0	161.3
Tax expense	(62.9)	(37.8)
Profit for the year	257.1	123.5

¹ Includes net fee and commission income, other operating income and income from investments.

² Includes administration expenses, depreciation and amortisation.

Group Statement of Financial Position

	2021 £m	2020 £m
Assets		
Liquid assets	9,996.7	8,403.2
Loans and advances to customers	41,922.4	38,798.6
Other assets	804.6	729.0
Total assets	52,723.7	47,930.8
Liabilities		
Shares - retail savings	35,506.4	33,368.3
Wholesale funding and other deposits	12,854.2	10,500.9
Subordinated liabilities	857.7	645.0
Other liabilities	416.8	619.7
Total liabilities	49,635.1	45,133.9
Members' interest and equity	3,088.6	2,796.9
Total members' interest, equity and liabilities	52,723.7	47,930.8

Summary of key financial ratios

	2021 %	2020 %
Gross capital as a percentage of shares and borrowings	8.16	7.85
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)	20.67	19.16
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	0.51	0.27
Management expenses as a percentage of mean total assets	0.55	0.60
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 2021 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.
1 March 2022.

A WELCOME FROM THE CHAIR OF THE BOARD

I'm pleased to report a strong set of financial results, as well as clear progress against our long-term strategic plan. Despite the challenging environment in 2021, which looks set to continue with economic uncertainty around the pandemic and the consequences of leaving the EU, we've delivered strongly against our purpose of providing **Real Help with Real Life**.

Our members trust us with their savings and mortgages, and we reward that trust by operating a strong, financially secure and resilient business.

As a building society our role hasn't changed much in over 150 years. We're here to help people find a **place to call home**, support people towards greater **financial wellbeing** and deliver long-term **value for our members**.

“ WE'RE IN GOOD FINANCIAL SHAPE ”



Changes to your Board

Mike Regnier left the Society at the end of 2021 and I'd like to thank him for his outstanding contribution over the last seven years, including the last five as our Chief Executive.

I'd also like to thank Guy Parsons who leaves after the conclusion of this year's AGM for his valuable contribution.

I'm pleased to welcome Stephen White as our Interim Chief Executive. Stephen has been our Chief Operating Officer and an Executive Director for the last six years and has extensive financial services experience. I am confident in his ability to lead the Society until we formally appoint Mike's successor.

I'd like to extend a warm welcome to Dina Matta and Jennelle Tilling, who joined the Board in 2021 and to David Morris, who has been with the Society for four years as our Chief Commercial Officer and joined the Board in January 2022. They will all bring lots of valuable skills and experience.

You can find out more about all the directors that represent you, and who you can vote for at the AGM on pages 20 to 25.

Thank you for your continued support and being part of our Society

I'd also like to thank all of our colleagues once again for their resilience, professionalism and commitment to providing our members with the valuable services they deserve.

John Heaps, Chair of the Board
1 March 2022

In 2021 we've been able to provide real help with some of the challenges faced by our members, such as keeping our branches open throughout the year and deferring mortgage payments for those that needed extra support. We also acted quickly when borrowers found it difficult to get the level of support and range of products they needed, and launched our member loyalty programme to support savers, returning a further £41m in member value.

We're playing our role in building a greener society, and in 2021 your Board approved our climate change strategy. This gives us clearer direction for the future and how we can contribute towards a future low-carbon economy.

Continuing to serve our members for years to come

One of my key responsibilities is to ensure that the Society is secure and has robust controls in place, so we're here for our members for years to come.

I make sure that we're a well-run organisation, with the right skills and experience at Board level. We work to the highest standards of corporate governance and will continue to do so.

A REVIEW OF 2021

by Stephen White,
Interim Chief
Executive



I'm proud to be leading an organisation with such a strong mutual heritage – placing you at the very centre of everything we do, and being here when you need us.

Having refreshed our strategy in 2020, we're making good progress

It's been a year since the launch of our major transformation programme, which brings together our strategic priorities, culture and behaviours, guiding us to deliver our purpose of providing Real Help with Real Life. This is underpinned by our focus to transform your customer experience, develop our digital capability and enhance our risk management.

“We've delivered strongly against our purpose of providing Real Help with Real Life in 2021, despite the challenging environment.”

Helping a record number of people with our first-time buyer mortgages – 15,000 more than last year

Early in 2021 it was a struggle for some to buy a home, as the pandemic caused disruption to the availability of mortgage products, at the same time as government incentives, such as the stamp duty holiday were boosting demand. Many of those facing difficulties had smaller deposits, including first-time buyers. We restarted lending to these groups as soon as we could responsibly do so and were proud to be the first lender to re-enter this market to support those with five percent deposits, helping many first-time buyers onto the property ladder.

Helped **42,000** people to have a place to call home through our first-time buyer mortgages



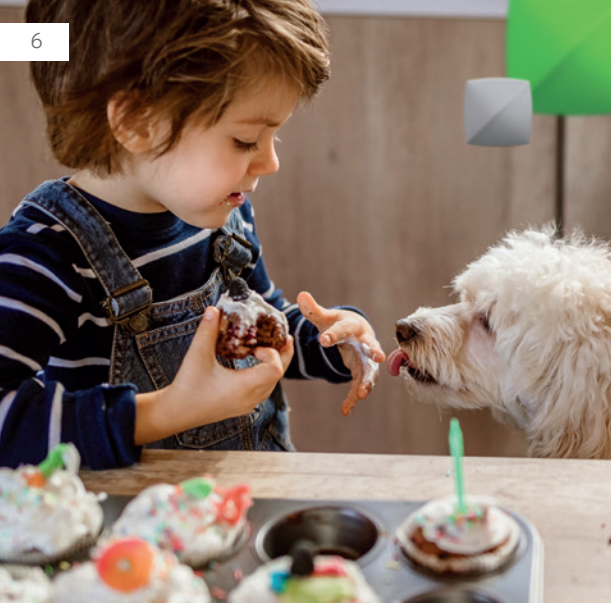
We're here for our savers too

Our research shows a lot of people wouldn't be able to rely on their savings to cover unexpected events. The ongoing pandemic has only made the issues many face more acute, affecting employment and inflation.

Our members opened over 203,000 savings accounts in 2021, and we delivered rates which consistently beat the market, on average by 0.32%¹ (0.17% in 2020). This was supported by a savings range offering different products for different needs, from easy access accounts to regular savings products, helping members get into the savings habit and save for the unexpected.

Alongside the savings accounts we offer, our community investment programmes also support our ambition to improve people's financial wellbeing. Our Money Minds and Career Minds sessions restarted in schools in 2021, which was great to see. These sessions focus on providing valuable financial and employment skills to help young people establish good habits. Additionally, our charity partnership with Age UK helps us to support the older generation.

¹ YBS Group average savings rate compared to rest of market average rates. Source: Based on CACI's Current Account and Savings Database, Stock, Jan – Dec 2021.



Providing member value - it's a fundamental part of what we do

I'm really pleased that our strong performance in mortgage lending, particularly in the first half of 2021, enabled us to launch our member loyalty programme. This included loyalty savings accounts featuring some of our best rates. We also raised the rates we pay many of our loyal savers twice in the first half of the year, at a time when many financial organisations were reducing rates. We'll continue to look for other opportunities to continue similar initiatives in the future.

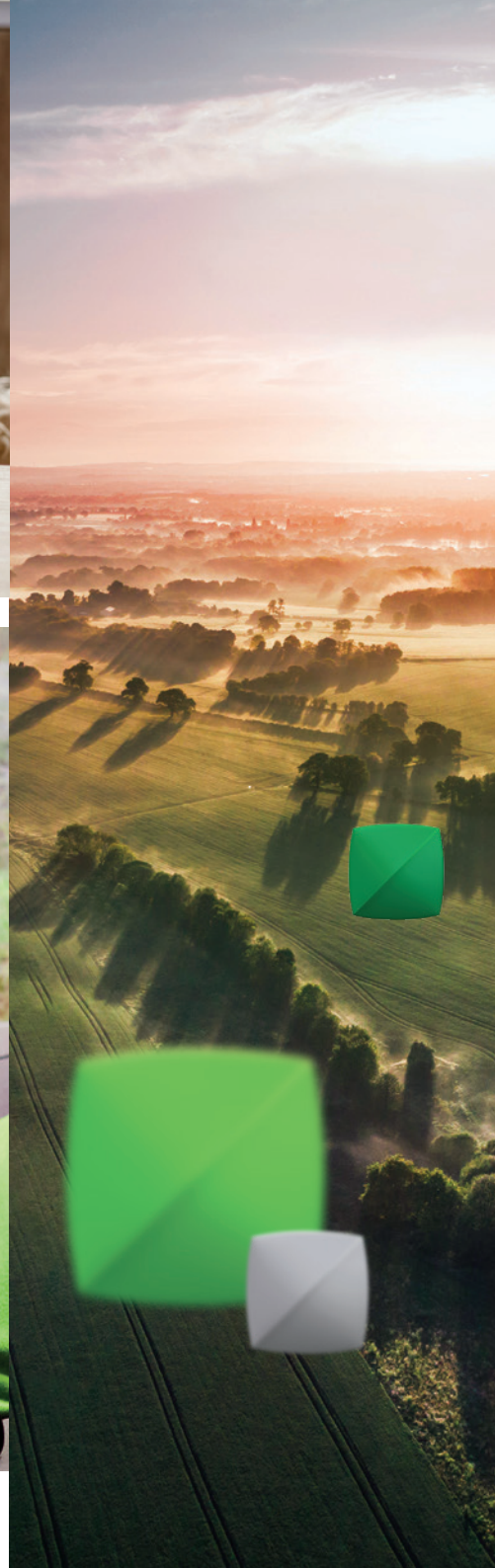
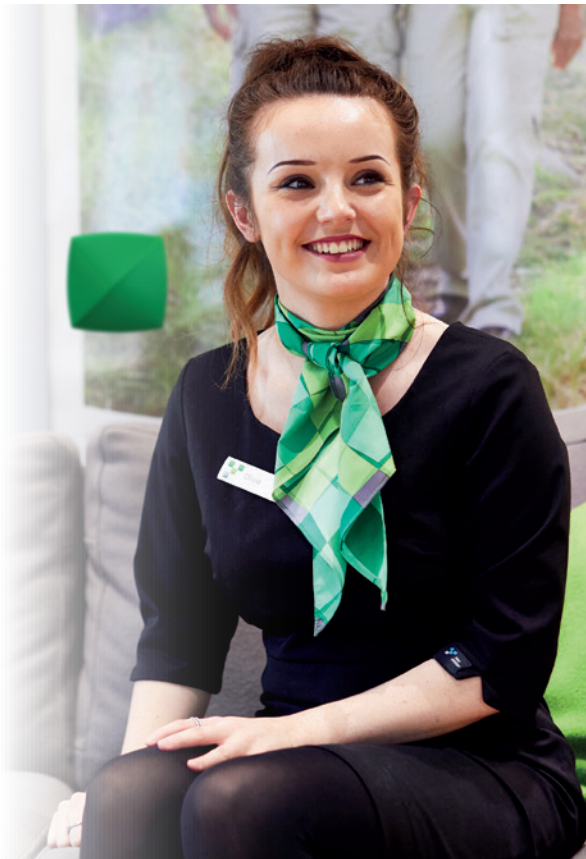
Our colleagues made a massive contribution in 2021

Our priorities continue to be ensuring we provide our members with the key services they need whilst considering the health, safety and wellbeing of our customers, colleagues and communities.

I'm so proud of what our colleagues have been able to achieve this year, whether that's in our branches, working from home, or at the end of a phone, ensuring we're there when you need us.

We really value honest feedback from our members. Our Net Promoter Score (NPS) measures how willing our customers are to recommend us to their friends and family based on their experiences with us. We have seen an increase in our overall NPS, going from +53 to +54 in 2021².

Building an inclusive and diverse workplace plays a key part in our strategy and we're proud to receive external recognition for our work in this area in 2021, including the Leaders in Diversity accreditation and being named a Top 10 Employer for Working Families.



It's not just about what we achieve, but how we achieve it and the impact we have

There's an increased focus on how we deliver against our strategy, with consideration to our broader environmental and social context, such as taking action to reduce the negative impact we have on the environment. We've actively reduced the volume of paper we use and also don't lend to sectors of the economy which would be regarded as damaging to the environment. Completing the first phase of our work on climate risk in 2021, means we now understand the risks better. These risks for the Society are related to our members' homes. They could be physical, where changes in the natural environment may cause damage to a property, or transitional, which result from changes in policy as the UK moves towards a lower carbon economy.



We've been carbon neutral for the last five years



² Net Promoter Score and NPS are trademarks of Bain & Company, Inc., Fred Reichheld and Satmetrix Systems, Inc. Data period January – December 2021, based on 24,305 responses.



We've been able to adapt when we've needed to



We performed strongly, in a year of economic and market uncertainty

We've been able to adapt to periods of high demand because of recent investments in our IT infrastructure and resourcing capacity. For example, we increased our net lending to £3.6bn in 2021, £3bn more than in 2020. This level of growth in mortgages was supported by growth in our savings balances, which increased by £2.1bn. Additionally, our track record of effective cost management has continued; our cost to core income ratio has decreased from 59% to 50% – an improvement for the fifth consecutive year.

As a result of this successful performance in our core markets, alongside our investment programmes, the Group (which includes the Society plus its subsidiaries such as Accord Mortgages Limited) delivered an increase in profit before tax to £320m, an increase of £159m from 2020, and our core operating profit, which is a good guide to how profitable the Group is day to day, increased to £297.3m, from £170.5m in 2020. Our profits contribute to the sustainability of the Society, strengthening our reserves, and enabling us to reinvest in the products and services we provide to you.

You can find detailed information on the Group and the Society's financial performance, and an explanation of how we calculate core profit, in the 2021 Annual Report and Accounts, available at ybs.co.uk/annualreport.

Looking forward

We expect the high level of competition in the mortgage market to continue, and economic uncertainty looks set to remain around the ongoing pandemic and the wider consequences of the UK's exit from the EU.

We continue to improve our resilience against the evolving threats in areas such as cyber security, fraud and operational resilience. Our capital and liquidity positions remain strong, so we're well-resourced to support members through potential economic shocks.

Much has been achieved in 2021, and I'm looking forward to delivering more against the next stages of our transformation programme. We're committed to improving the range of products to savers and borrowers. Not only will we continue to help people buy their own home, but we're also looking at how we can help to improve the energy efficiency of people's homes, in line with our climate change strategy. Further enhancements to our digital capabilities are also to come, continuing to simplify our infrastructure and processes, and delivering greater functionality for the 130,000 members who are already using our app.

We enter 2022 in a strong financial position, focused on being an outstanding provider of savings and mortgages; this underpins our strategy and purpose, and will provide real, meaningful benefits for you and all our members for years to come.

Stephen White, Interim Chief Executive
1 March 2022

