2019 ANNUAL RESULTS INVESTOR PRESENTATION

MARCH 2020

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 Directive 2003/71/EC (as amended) 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 (together, 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, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, 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 "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 PRIIPs Regulation (once in force).

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

YORKSHIRE BUILDING SOCIETY

Introduction

OUR PURPOSE AND STRATEGY

We've built our strategy around our purpose of providing **Real Help with Real Life**. For us, as a building society, it means delivering three central ambitions:

- Helping people to have a **place to call home**
- Helping them towards greater **financial wellbeing**
- Creating long-term **value for our members**.

To enable us to achieve our ambitions, we've identified five priority areas to focus on over the next few years:

- **Help** people with the real financial barriers they face, through our products, services and community programmes
- **Digitalise** our business to become more agile, efficient and effective
- **Unleash** every one of our colleagues to maximise their full potential
- **Expand** our reach, physically and digitally, so we can help more people.
- **Protect** our stakeholders by making sure our Society is financially and environmentally sustainable.

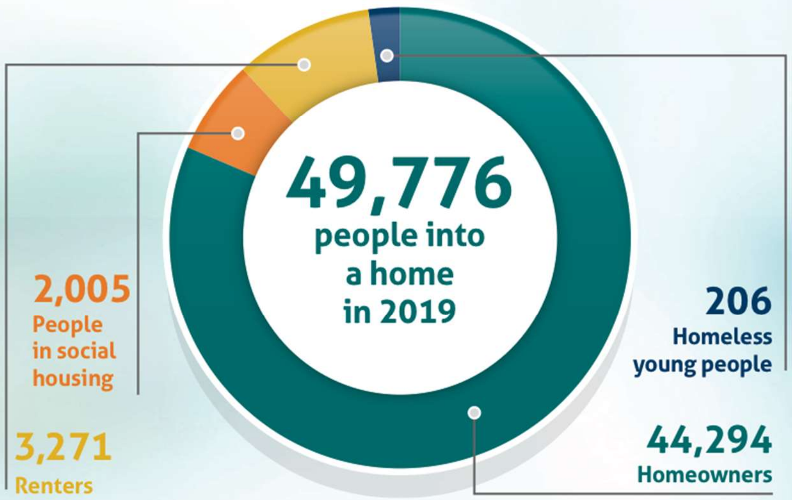
We made good progress delivering on our strategic priorities in 2019

YORKSHIRE BUILDING SOCIETY

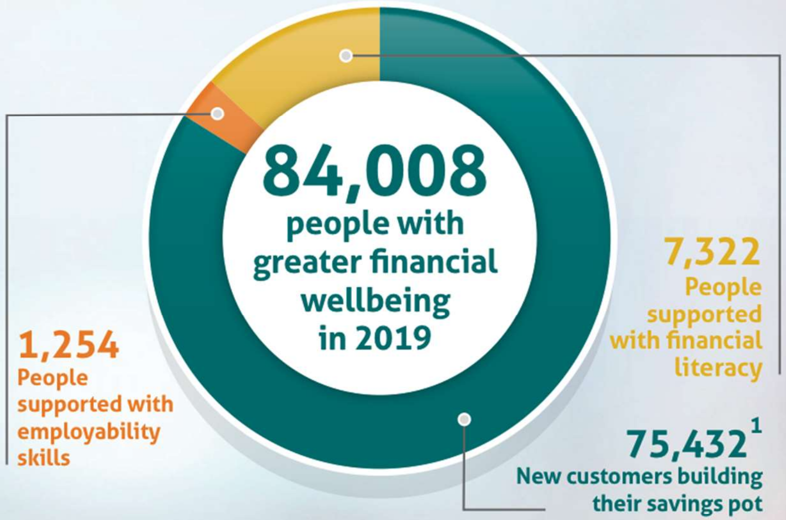
PLACE TO CALL HOME

MEMBER VALUE

FINANCIAL WELLBEING



£95m



Our value creation model

YORKSHIRE BUILDING SOCIETY

INPUTS

Financial

- Interest received from customers on mortgages
- Fees and charges received from customers
- Members' savings deposits
- Funding from investors
- Financial capabilities (e.g. financial reserves and risk management)

Social

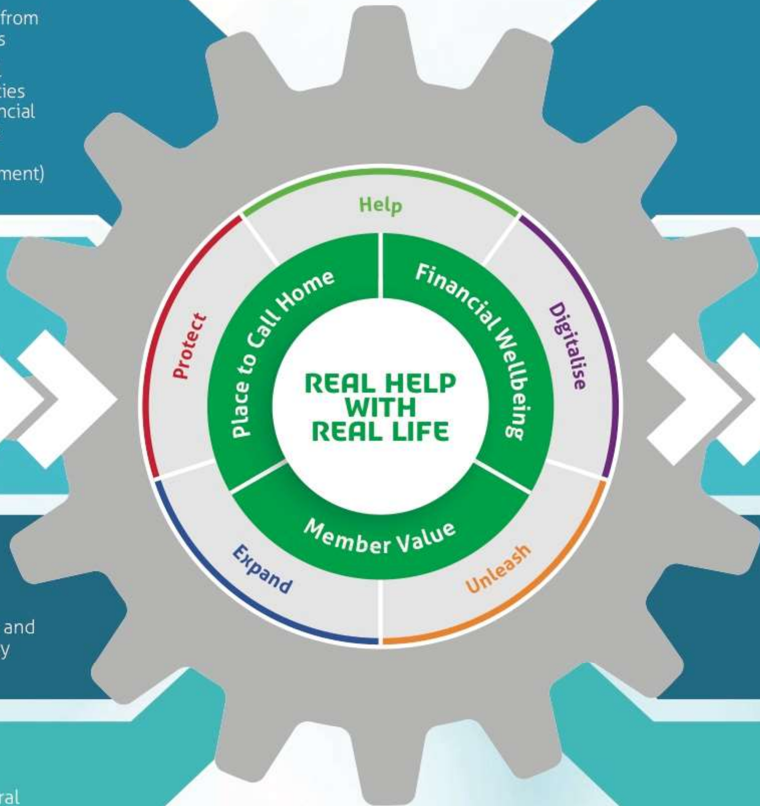
- Strong relations with stakeholders, including partners
- Thriving local communities
- Healthy housing market and employment rates

Human

- Colleagues' time, skills, knowledge and experience
- Internal systems, processes and technology

Environmental

- Energy, water and other natural resources consumed



OUTPUTS AND IMPACTS

Financial

1. Interest paid to our members and investors
2. Pay and benefits provided to our colleagues
3. Profits to ensure our long-term sustainability for all our stakeholders
4. Taxes paid to the Treasury

Social

5. Access to a place to call home through mortgages and End Youth Homelessness partnership
6. Greater financial wellbeing through savings accounts and financial education programmes
7. Great customer service in branches, agencies, by phone and online
8. Investment in our local communities

Human

9. Training and development for our colleagues
10. Engaging workplace culture

Environmental

11. Environmental footprint.

1.	Average rate paid	1.09%
2.	Colleague pay and benefits	£141M
3.	Core operating profit	£185M
4.	Tax paid	£62M
5.	People helped into a home	49,776
6.	People helped towards greater financial wellbeing	84,008
7.	Net Promoter Score (NPS™)	+51
8.	Community investment	£1.0M
9.	Colleague training investment	£1.5M
10.	Colleague engagement score	7.4/10
11.	Annual carbon footprint reduction	17%

Our business model gives us genuine advantage

YORKSHIRE BUILDING SOCIETY

Foundations *Assets that have high future value and are hard to replicate or maintain*	• Strong capital (sufficient post 0% CCyB for end-state leverage MREL) and liquidity position • In-built & authentic purpose • Strong customer advocacy & trust platform • Scaled F2F platform giving access to high quality liabilities	**High degree of optionality & latent customer 'permission' – and expectations**
Structural features *Positional advantages that can be exploited*	• Highly focussed on 'just' two customer need sets… • …Correlated with perpetual & structural UK wide demand • Mid tier, 3% player… • …substantial enough to generate significant surpluses; focus makes implementation easier than larger competitors	**Large enough to keep investing in future development, small enough for that development to count**
Cycle stage *An advantaged development trajectory*	• Cost base on a strong downward trend (15% down from peak) • Significant multi-year transformation programmes now at an end, including market-leading digital platform in the mortgage market • Digital follower – fewer mistakes, cheaper solutions	**Much of the 'heavy lifting' that other mid size peers are facing has now been done**

Our business overview

- Yorkshire Building Society (YBS) is the 3rd largest UK Building Society with total assets of **£44bn**(1)
- Mutual organisation owned by circa **3m**(1) members
- Operating under a dual-brand strategy
  - Direct lending via YBS branches and the internet
  - Intermediary lending via Accord Mortgages
- Traditional building society model with a predominantly retail balance sheet. One of only three building societies operating under the highest regulatory status for both lending and treasury activities under SS20/15 (i.e. 'Mitigated' and 'Comprehensive')
  - Residential mortgage lending in UK - **£38bn**(1)
  - Large retail deposit base - **£31bn**(1)
- Strong capital position - CET1, **16.6%**(1) (under a standardised approach for RWAs)
- UK Leverage ratio - **5.8%**(1)
- Liquidity ratio - **13.8%**(1)(2)

Agency	Short Term	Long Term	Outlook	Last change
Fitch	F1	A- (senior)	Stable	Upgrade September 2014
Moody's	P-2	A3 (senior)	Negative[1]	Upgrade September 2017

Source: *(1) YBS 2019 Press Release*
(2) Liquidity Ratio defined as - The total of cash and balances with the Bank of England, loans and advances to credit institutions, debt securities and other liquid assets as a percentage of shares and borrowings

YORKSHIRE BUILDING SOCIETY	ESTABLISHED 1864
ACCORD MORTGAGES	ESTABLISHED 2003
CHELSEA BUILDING SOCIETY	MERGED 2010
NORWICH & PETERBOROUGH BUILDING SOCIETY	MERGED 2011

Source: Fitch Ratings, Moody's Investors Service
[1]On 12/11//2019 Moody's placed YBS (and 14 other UK banking groups) on Rating Watch Negative due to their view that the operating environment was likely to weaken

Financial performance

YORKSHIRE BUILDING SOCIETY

2019 Full Year Results Key Highlights

YORKSHIRE BUILDING SOCIETY

STRONG PERFORMANCE

YBS is maintaining its position as a leading UK mortgages and savings provider

Statutory Profit before tax
£167m
£193m in 2018

Core Operating Profit
£185m
£181m in 2018

ASSET GROWTH AND MARKET SHARE

Increased total asset base
£44bn
£43bn in 2018

Gross mortgage lending
£7.9bn
£1.1bn net lending
performance in line with plans as YBS continues to take a measured approach to lending in a competitive market.

Savings balances
£31bn
balancing savings flow versus mortgage lending

CONSISTENT PERFORMANCE

Asset quality remains strong.

3 months + Arrears (including Possessions)
0.56%
0.50% at YE 2018
Below the comparable UK Finance ratio of 0.76% (Q3 2019).

STRONG LIQUIDITY POSITION

Liquidy holdings stable
£5.6bn (13.8%)
£5.5bn (13.9%) in 2018

Liquidity coverage ratio
169%
159% at YE 2018

- Contingent liquidity available via Bank of England.
- Liquidity predominantly Bank of England Reserve Account, Gilt, SSA, Covered Bonds and T-Bills.

CAPITAL POSITION AND LEVERAGE

Strengthened CET1 Capital ratio
16.6%
16.3% at YE in 2018 (standardised basis)

Increased CRR leverage ratio
5.5%
5.8% UK leverage ratio

PUTTING THE CUSTOMER FIRST

Increased Net Promoter Score (NPS™)
+51
+41 at YE in 2018

Source - YBS 2019 Press Release

Statutory and Core Operating Profit

£m	2017	2018	2019
Net interest income	502	472	465
Fair value volatility	13	20	(22)
Net realised gains	6	8	6
Other income	15	10	8
Total income	**536**	**510**	**457**
Management expenses	(340)	(311)	(290)
	196	**199**	**167**
Loan loss provisions	10	1	(0)
Other provisions	(40)	(7)	(0)
Statutory profit before tax	**166**	**193**	**167**

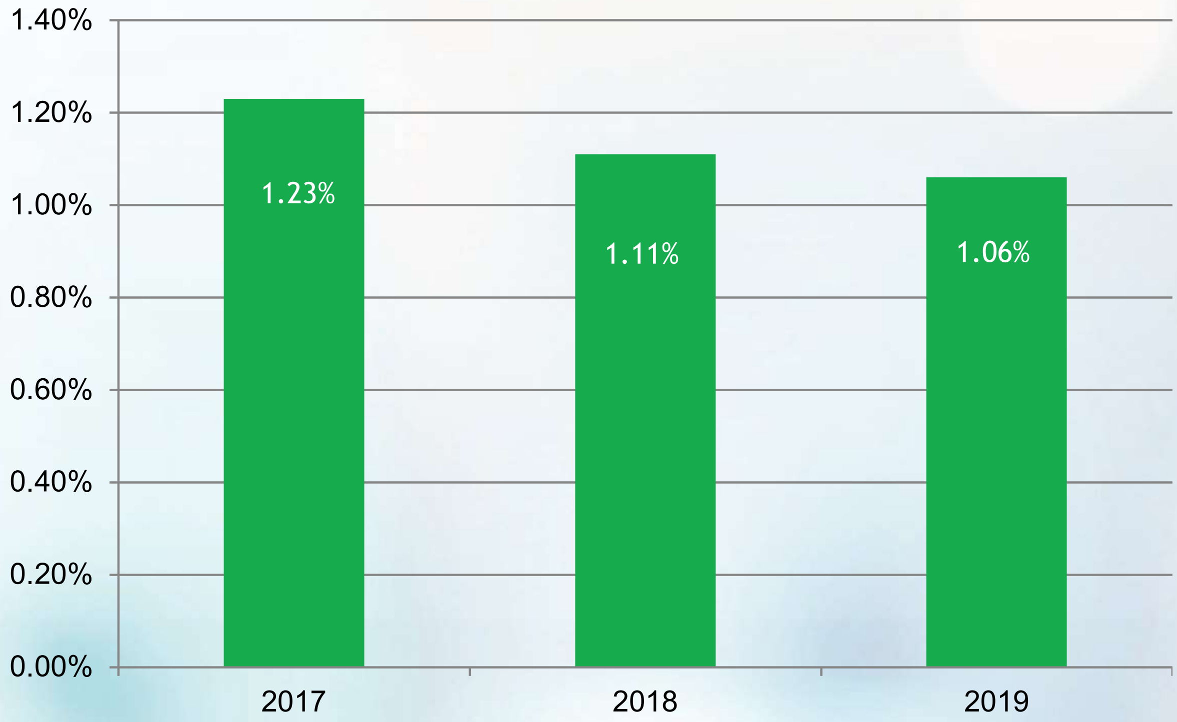
Statutory profit before tax	2017	2018	2019
Add back:			
FSCS levy[1]	2	(1)	0
Non-core investments[2]	(6)	(7)	(2)
Timing differences - fair value volatility[3]	(7)	(13)	29
Credit Day 1 fair value[4]	(4)	(3)	(2)
Restructuring provision[5]	14	10	1
GMP equalisation[6]	-	2	0
Other non-core items	(5)	-	(3)
Core operating profit	**160**	**181**	**185**

1) UK Depositor Protection Scheme
2) Structured Credit
3) Accounting volatility on hedging
4) Release of merger Fair Value
5) Restructuring costs due to organisational changes
6) Costs of equalisation of pension scheme benefits

Source - YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Income Statement – Net Interest Margin

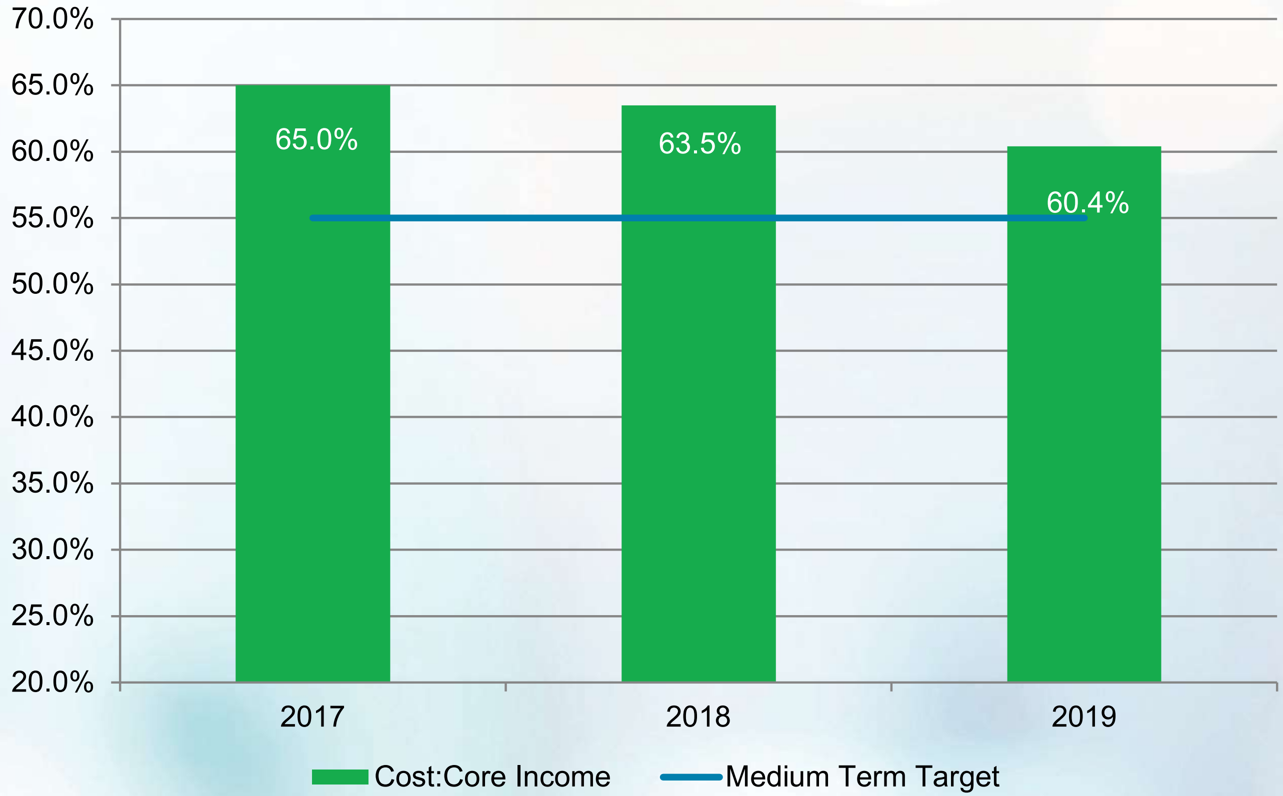
- Net interest margin has decreased in line with Strategic Plan
- Reduction in mortgage margins (competitive low rate environment & increased re-mortgage activity)
- Provided higher savings rates at 0.34% above market average (2018: 0.37%), resulting in more than £95m of benefit to members.



Source – YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Income Statement – Costs

- We believe Cost: Core Income is a better measure of performance because it does not include accounting volatility on hedges that don't qualify for hedge accounting
- Major cost initiatives continuing
- Medium term goal Cost: Income ratio below 55%



Source – YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Balance Sheet

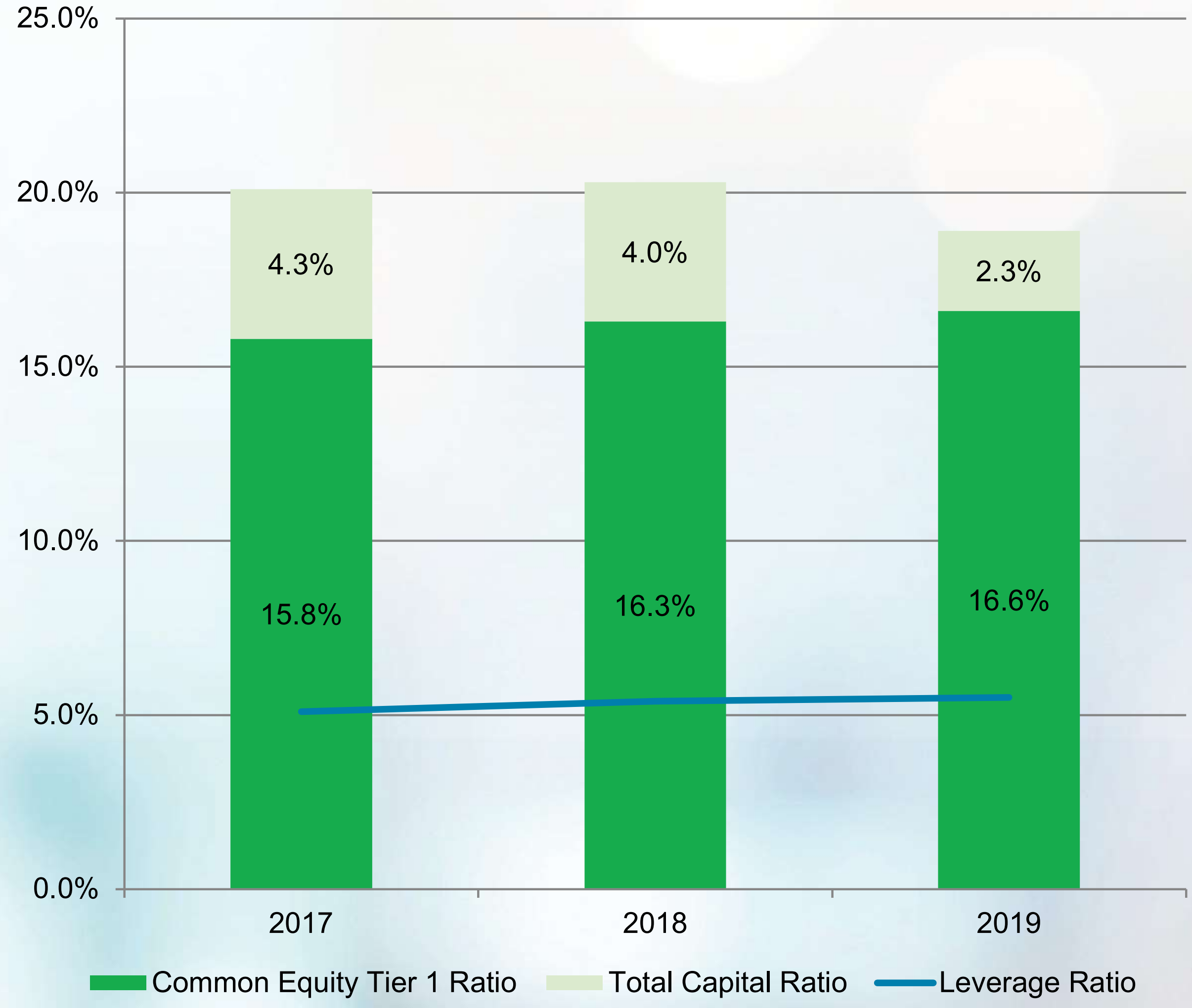
£bn	2017	2018	2019
Liquid Assets	6.1	5.5	5.6
Mortgage and Other Loans	35.1	36.7	38.0
Other Assets	0.8	0.9	0.7
Total Assets	**42.0**	**43.1**	**44.3**
Retail Savings	28.9	29.6	30.7
Wholesale Funding and Other Deposits	9.8	10.1	9.9
Other Liabilities	0.3	0.3	0.4
	39.0	**40.0**	**41.0**
Remunerated Capital	0.6	0.6	0.6
Reserves	2.4	2.5	2.7
Total Members' Interest, Equity and Liabilities	**42.0**	**43.1**	**44.3**

- Steady total asset growth of 2.8% (2018 – 2019)
- Growth of Mortgage and Other Loans of 3.5% (2018 – 2019)

Source – YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Capital (Standardised RWA) Position and Leverage

- **2019 CET1 capital ratio – 16.6%**
- **2019 Total capital ratio - 18.9%** (standardised RWA approach and fully loaded)
- **2019 CRR Leverage ratio - 5.5%** (on end point Tier 1 and CRD IV leverage measure)
- **2019 UK leverage ratio - 5.8%** (excludes central bank exposures)

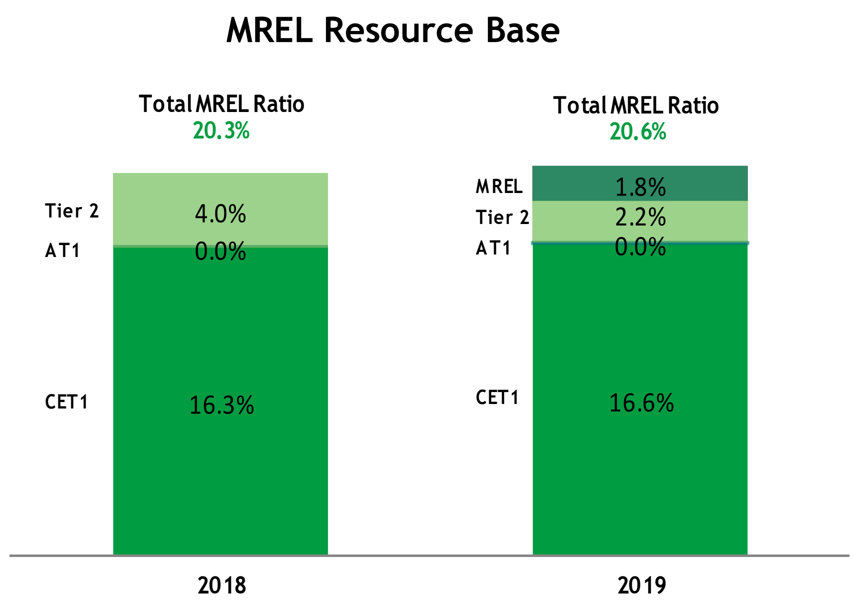


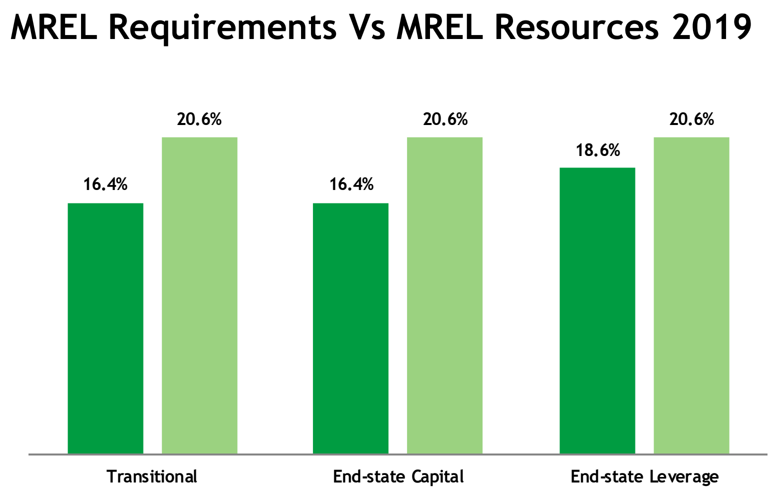
Source – YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Minimum Requirement for Eligible Liabilities (MREL)

- YBS has regulatory approval to adopt end-state MREL in 2020 rather than interim 18% plus buffers (end-state lower for YBS)
- £275m Senior Non-Preferred issued in April 2019 to fully meet end-state requirements
- An application to use the Internal Ratings Based (IRB) approach to risk-weightings is in progress – YBS expects to be leveraged constrained post IRB and therefore has limited MREL issuance requirements going forward

Source - YBS





Key Financial Metrics

Metric	2017 (%)	2018 (%)	2019 (%)
Group net interest margin	1.23	1.11	**1.06**
Group loans and advances growth	2.8	4.7	**3.5**
Members savings balances growth	0.9	2.1	**3.8**
Liquidity ratio	15.7	13.9	**13.8**
CET1 capital ratio	15.8	16.3	**16.6**
Total capital ratio	20.1	20.3	**18.9**
CRR Leverage ratio	5.1	5.4	**5.5**
UK Leverage Ratio	5.7	5.8	**5.8**
Cost: Core income ratio	65.0	63.5	**60.4**
Management expenses ratio (costs to mean assets)	0.83	0.73	**0.60**

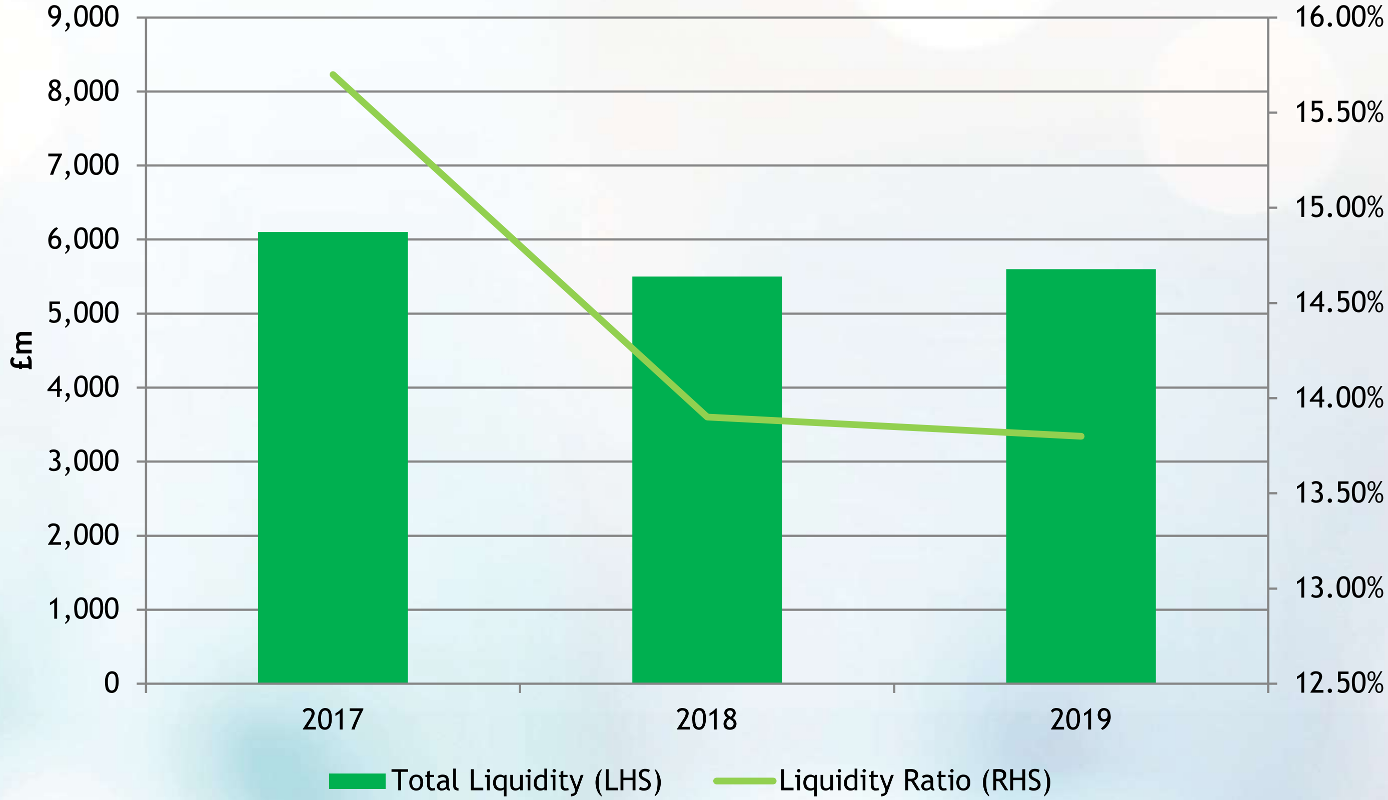
Source - YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Treasury

YORKSHIRE
BUILDING SOCIETY

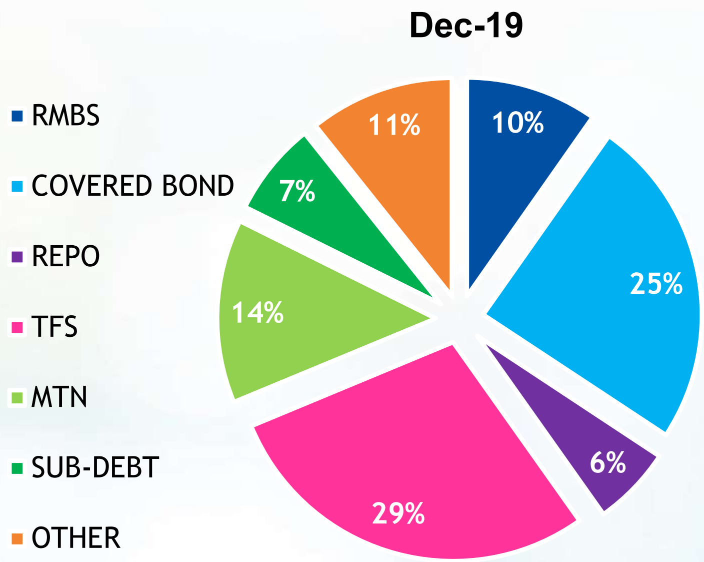
Liquidity

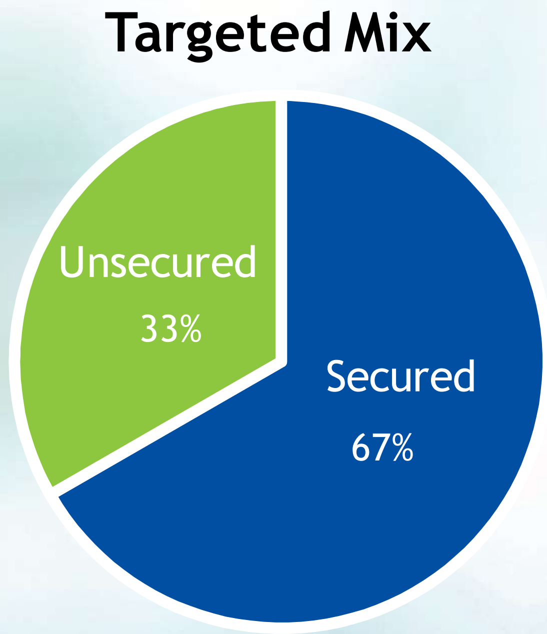
- High quality liquid assets (primarily BoE Reserves, Gilts, SSA, Covered Bonds, T-Bills)
- Stable and predictable retail deposit base (c.80% branch based), therefore liquidity minimums driven by external stakeholder expectations
- Contingent liquidity available via Bank of England

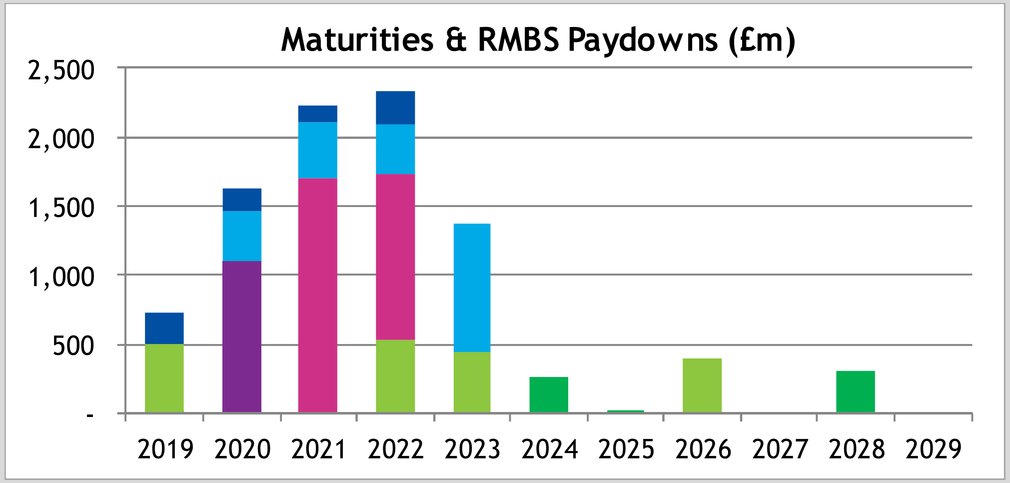


Source - YBS 2017 & 2018 Annual Reports and Accounts and 2019 Press Release

Wholesale Funding Profile







Maturities & Paydowns are based on issuances to date i.e. do not include planned issuances.

Source - YBS

Wholesale Funding Profile cont.

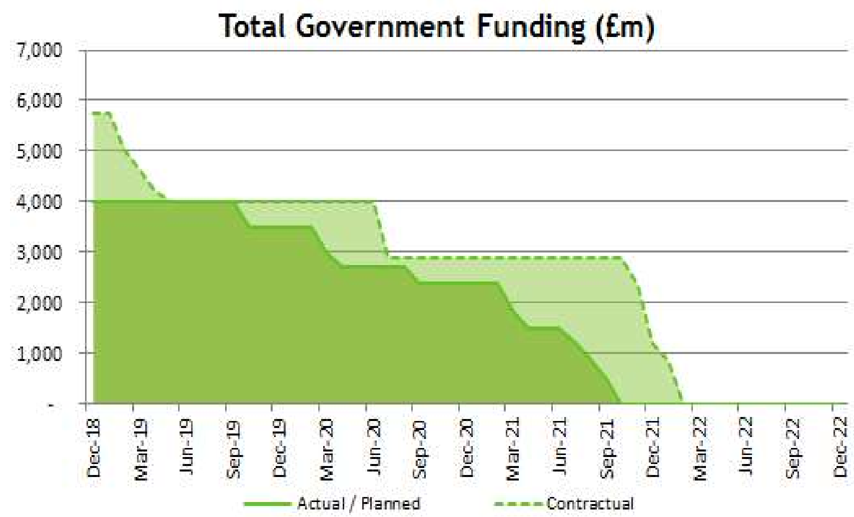
YORKSHIRE BUILDING SOCIETY

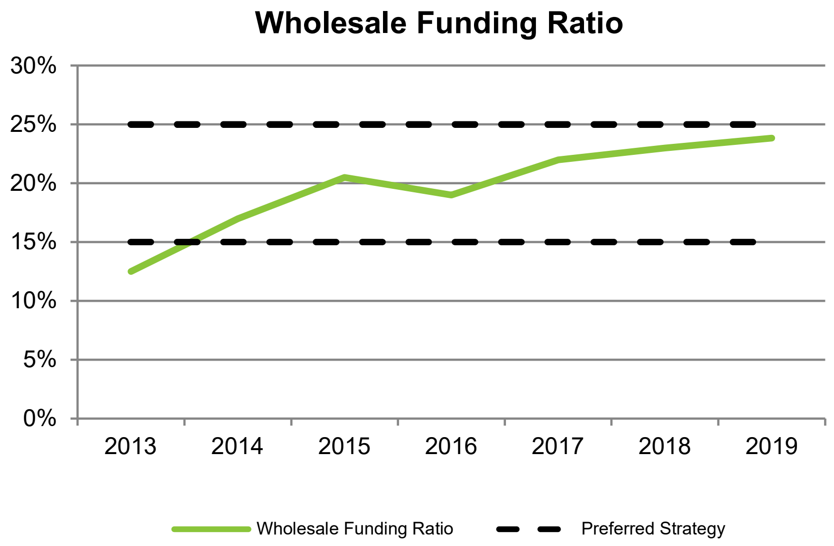
Funding for Lending Scheme (FLS):

- £3.5bn drawn; last draw down Jul-16
- £3.5bn repaid as at Feb-20
- 4-year maturity
- Cost – Fee 25bp (for net lenders)
- No penalty for early redemption
- T-bills versus collateral (off balance sheet)

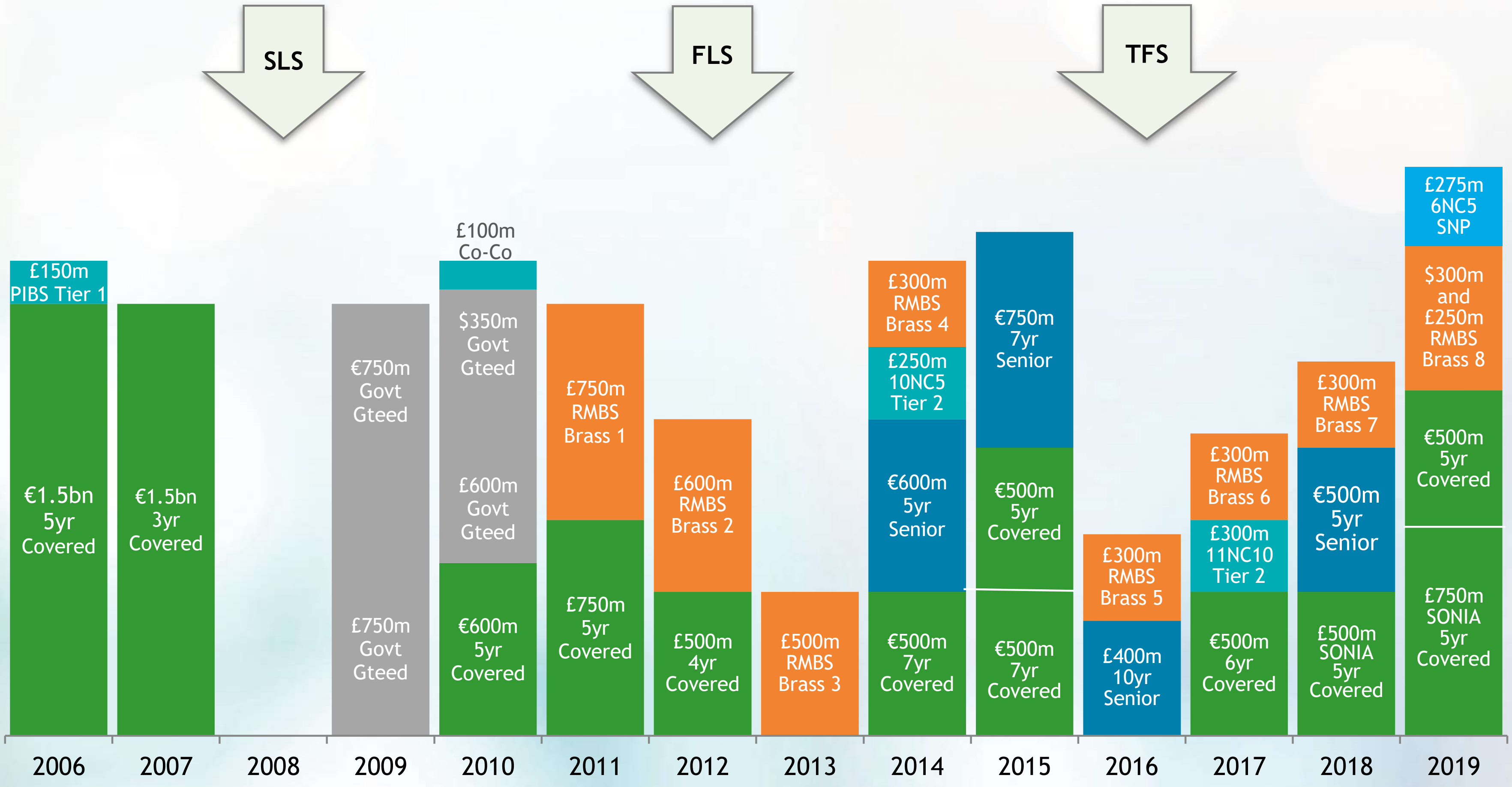
Term Funding Scheme (TFS):

- £2.9bn drawn; last draw down Feb-18
- 4-year maturity
- Cost – bank rate flat (for net lenders)
- No penalty for early redemption
- Cash reserve v. collateral (on balance sheet)





Wholesale Funding Market Issuance – History



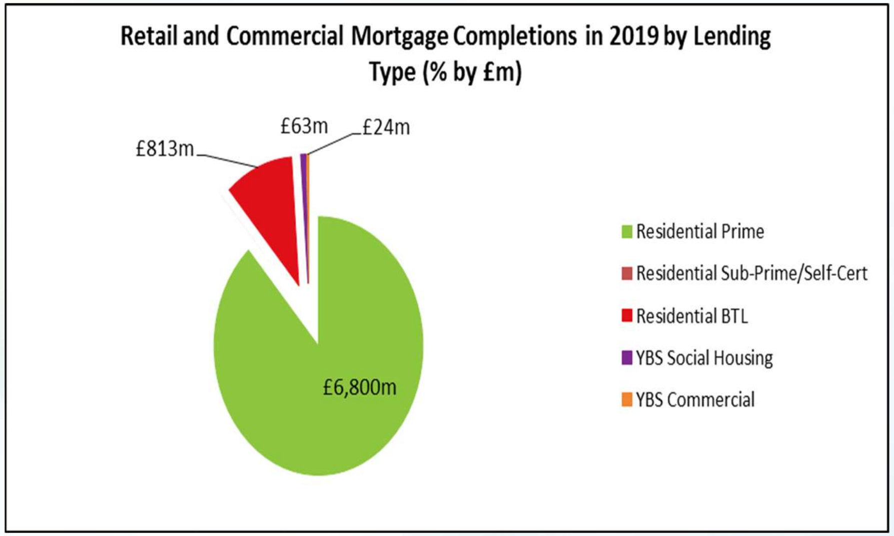
SLS: Special Liquidity Scheme, FLS: Funding for Lending Scheme, TFS: Term Funding Scheme

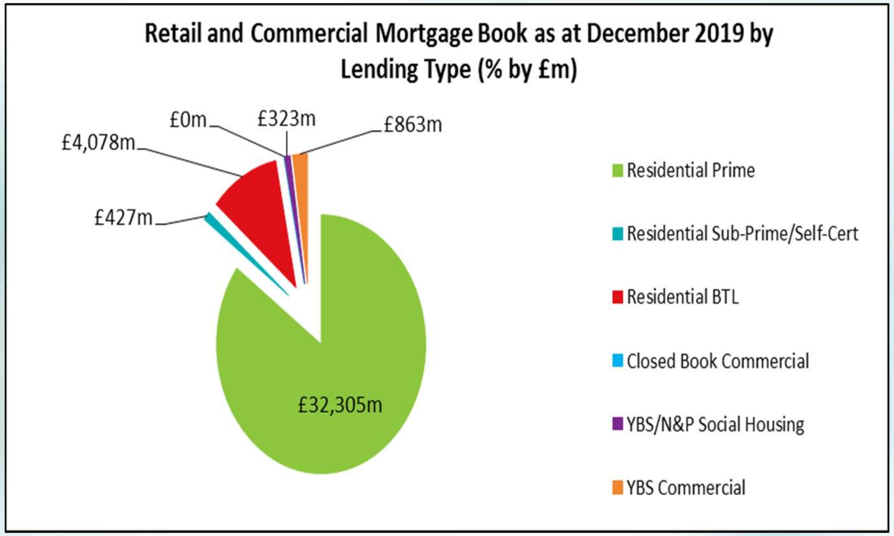
Source - YBS

Asset quality

YORKSHIRE
BUILDING SOCIETY

Mortgage Type Breakdown





Lending Cohort	Average Loan Size	Largest Loan Size	Weighted Average Indexed LTV
Retail Residential Prime	£145,484	£5.0m	60%
Retail Residential Sub-Prime/Self-Cert	£100,230	£0.8m	58%
Retail BTL	£130,631	£1.4m	58%
Social Housing	£7,869,181	£50m	48%
YBS Commercial	£291,088	£6.0m	56%
Closed Book Commercial	£45,097	£0.1m	31%

- Predominantly prime residential mortgage lender
- Sub-prime book closed and in run-off, circa 1.2% of total balances
- BTL book currently below fair market share
- N&P Commercial loan book continues to grow within a risk appetite limit of 3%
- Limited involvement in Social Housing sector

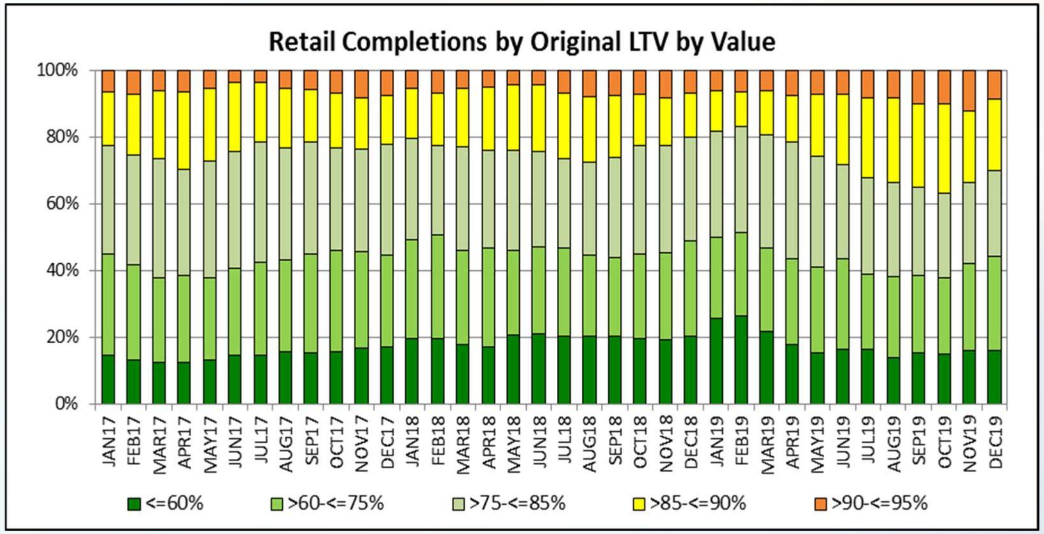
Source – YBS

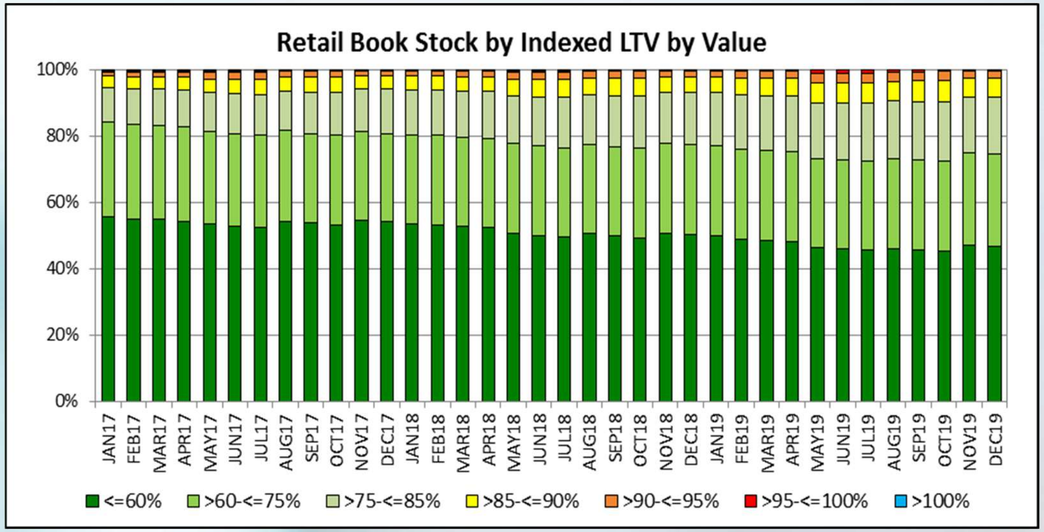
LTV Breakdown

- New Business LTV is limited to a maximum of 95% for prime residential and 80% for prime BTL.

- Within risk appetite, >85% LTV and >95% LTV residential new lending is limited to 31% and 9% of annual completions, respectively. BTL lending >80% is limited to 12% of annual completions.

- Negative equity on the back book has reduced to 0.1%, driven by positive HPI movements.

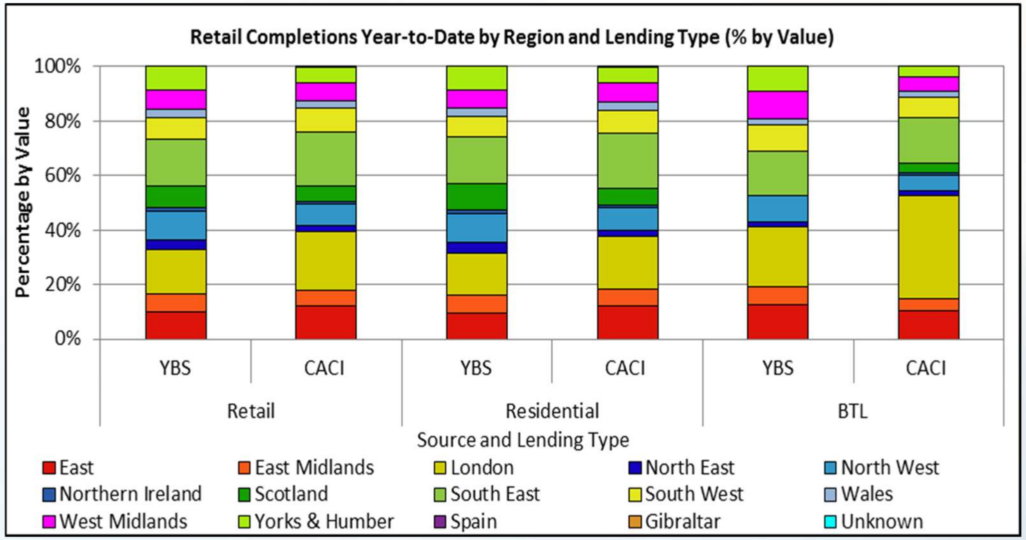


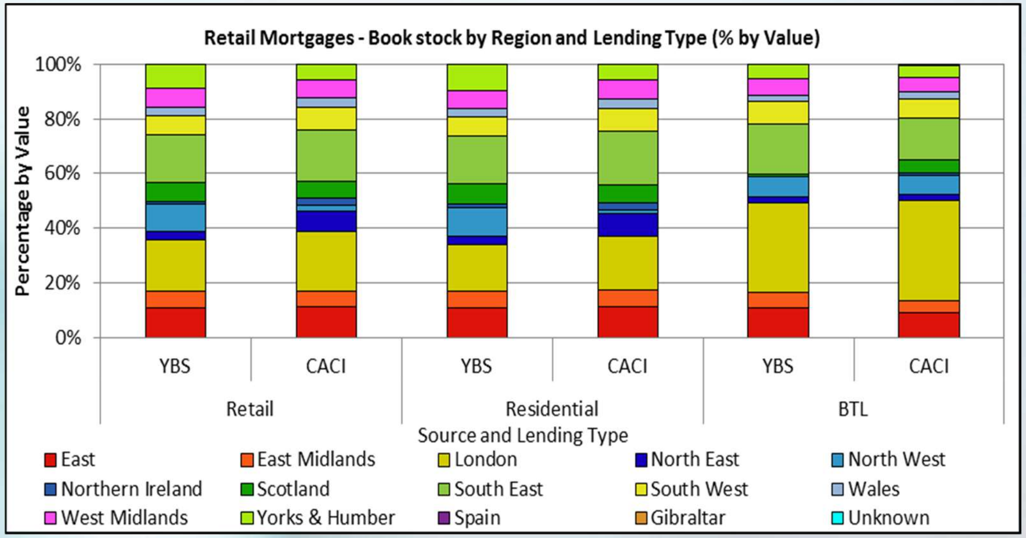


Source – YBS 2019

Regional Breakdown

- New residential mortgage lending is restricted to the UK, whilst BTL new mortgage lending is only offered in England and Wales.
- Annual residential new mortgage lending in Greater London is monitored within Risk Appetite, and is restricted to 120% of the CACI industry benchmarking average.
- Region mortgage stock concentrations are broadly in line with the industry; 19.06% of the Group's retail mortgage stock is in Greater London (CACI 21.95%) and 17.41% is in the South East (CACI 18.99%).
- The >=3 months arrears rates (including possessions, by value) for Group mortgages in Greater London (0.21%) and the South East (0.3%) are some of the lowest of all regions and lower than the Group average (0.41%).

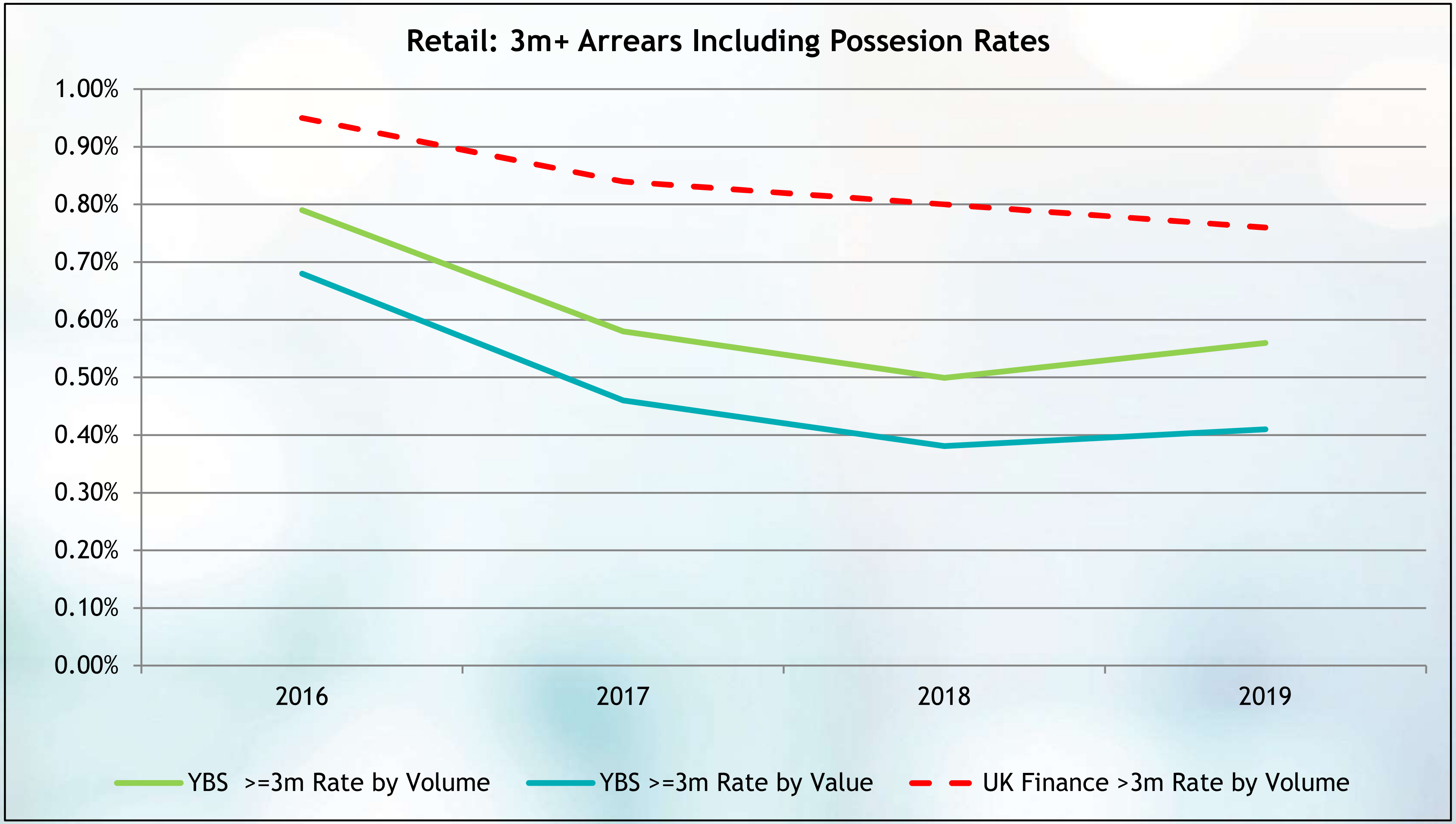




Source – YBS and CACI for Industry Data

Arrears Analysis

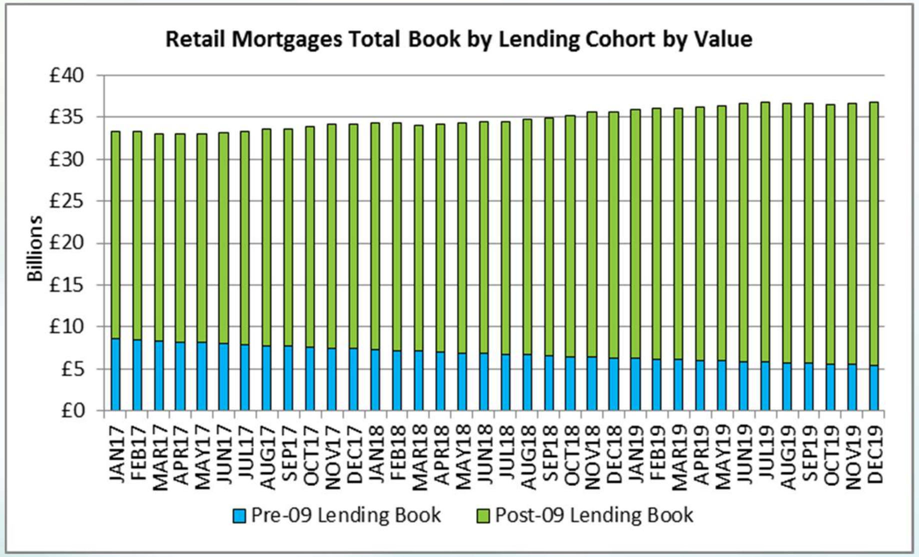
YORKSHIRE BUILDING SOCIETY

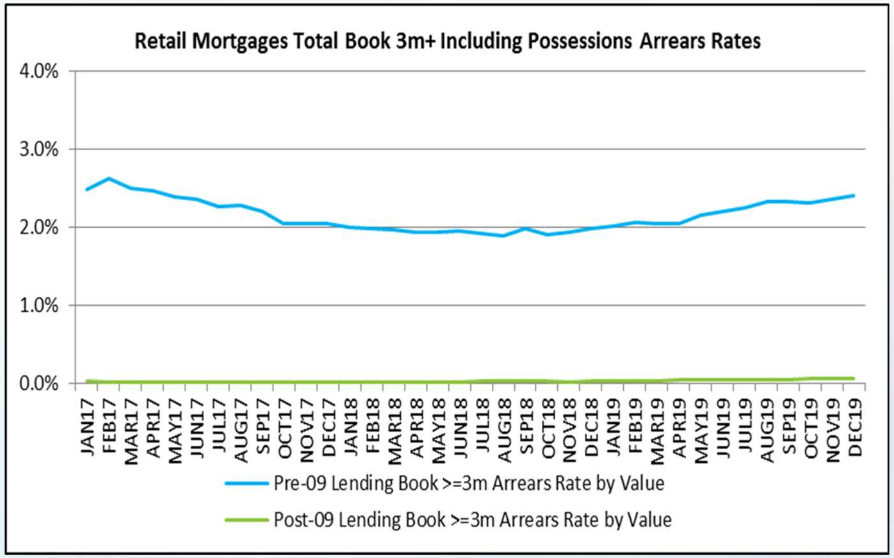


- Arrears continue to outperform the industry average
- A significant step has been made towards integrated reporting in 2019's Annual Report and Accounts

Source - YBS
UK Finance (formerly CML) Data & Research - https://www.ukfinance.org.uk/data-and-research

Retail Mortgages – Arrears by Cohort



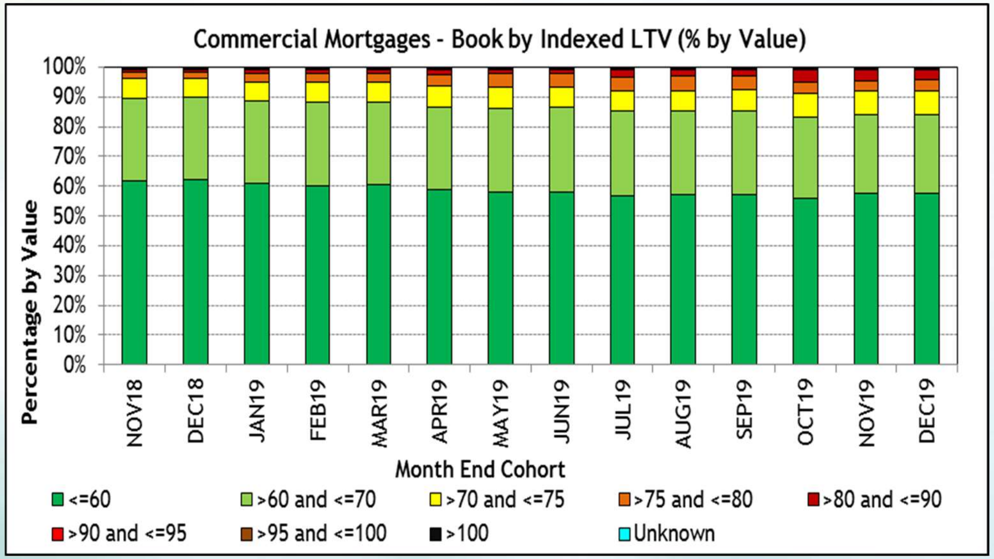


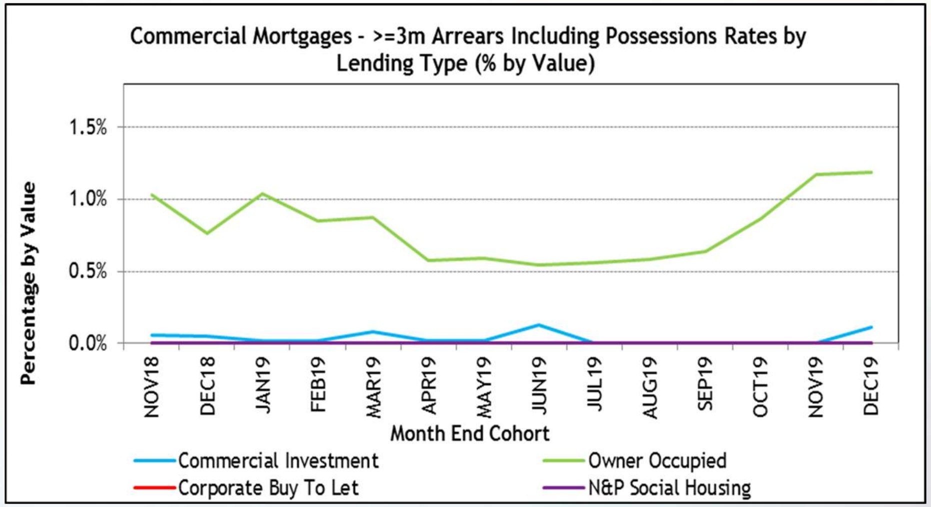
- The vast majority of arrears come from lending which originated pre 2009.
- Naturally, pre-2009 lending is decreasing as a proportion of total mortgage balances each year.

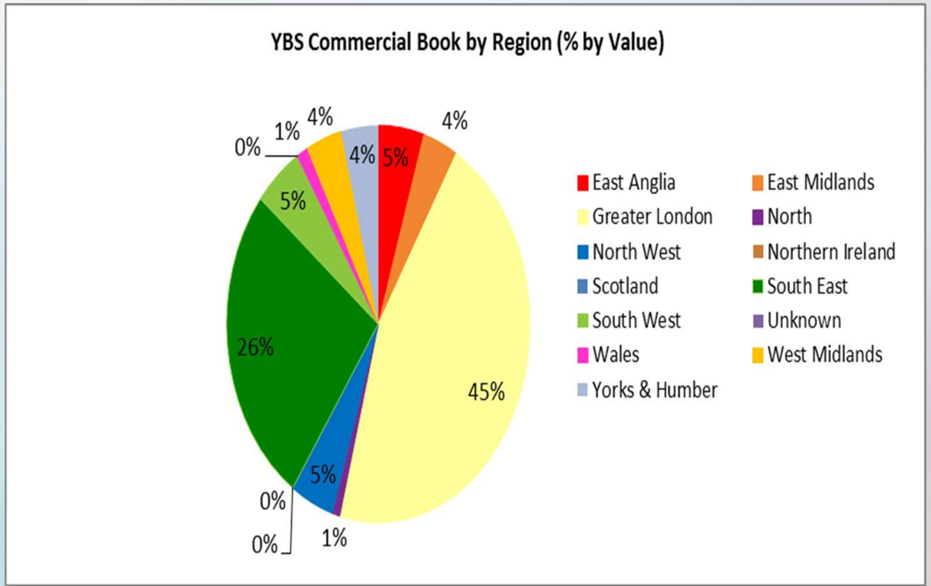
Source – YBS

YBS Commercial Mortgages

Arrears on commercial lending fluctuate due to low volumes. The majority of the book is situated in London and South East.







- The YBS commercial loan portfolio is managed by a specialist team using a combination of lending policy rules, underwriting and close relationship management to assess new applicants and manage existing loans.
- The majority of loans advanced against commercial properties use a vacant possession valuation to mitigate against future losses.
- The YBS commercial >=3m arrears rate fluctuates due to low volumes.
- Book exposure to lending in London is limited within risk appetite.

Source – YBS

Stress Testing

- Although the Society is not currently part of the Bank of England's Concurrent Stress Testing regime; as part of its annual Capital Planning Stress Test, the Society undertook the Bank of England's 2019 stress test scenario based on results as at Dec 2018.
- This featured deep simultaneous recessions both globally and in the UK combined with falling house prices and escalating conduct costs. In the scenario, UK unemployment rises to 9.2% and residential property prices in the UK fall by 33%.
- At all times throughout the stress, the Society's CET1 ratio (before management actions) remained above both stressed and normal risk appetite, as well as regulatory requirements, meaning the Society would be able to continue with its lending plans even in a severe stress scenario.
- It was deemed that no management actions would be necessary to mitigate the impact of the stress.

Projected ratios in the 2019 BoE stress scenario	2018	Minimum stressed ratio before 'strategic' management actions
IFRS 9 Transitional		
CET1 Ratio	16.3%	14.6%
Tier 1 Ratio	16.3%	14.6%
Total Capital Ratio	18.6%	16.6%
Leverage Ratio	5.8%	6.0%
IFRS 9 Non-Transitional		
CET1 Ratio	16.3%	14.4%
Leverage Ratio	5.8%	5.9%

Source - YBS

Environmental, Social and Governance Considerations

YORKSHIRE
BUILDING SOCIETY

Environmental, Social and Governance Considerations

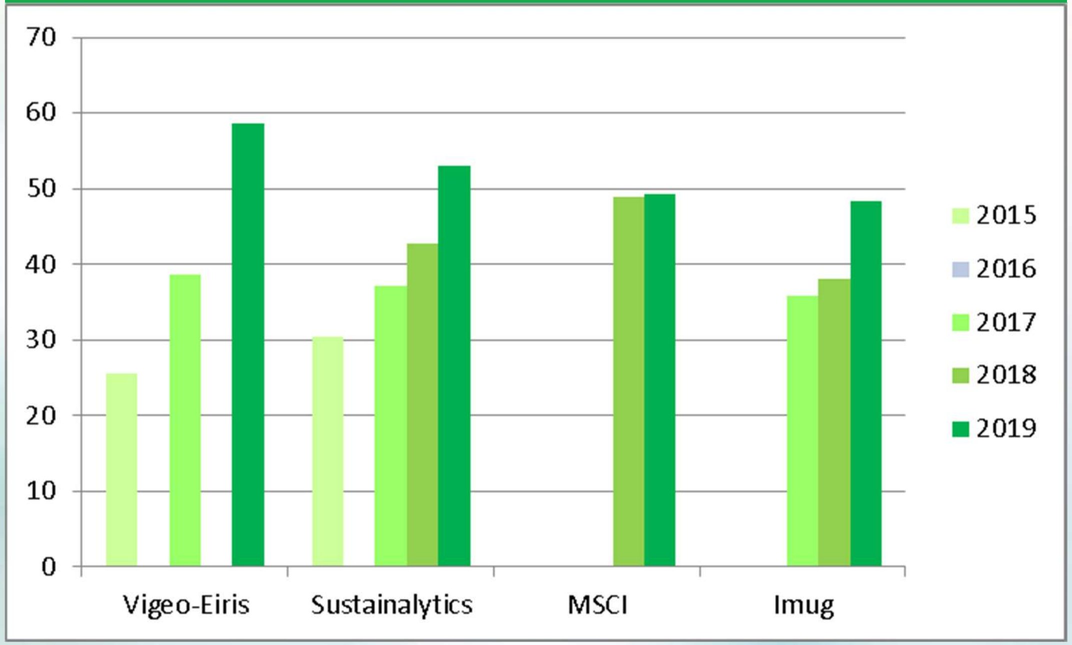
- The Society recognises the importance of continuing to mitigate our environmental impact through becoming more energy efficient and reducing our carbon emission
- Our carbon emissions fell by 17% in the year, driven by a combination of having fewer employees and branches, as well as improvements in the energy efficiency of our buildings
- The use of paper in an organisation can also have a detrimental impact on the environment. In 2019 we launched a new paperless initiative to replace paper-based processes with digital ones

- In 2019, the Society made a charitable donation of £1,050,413 (2018: £1,438,791), which included £244,707 raised for End Youth Homelessness enabling 206 young homeless people to have a safe place called home
- Since establishing ourselves as a social housing lender 10 years ago, we have built a portfolio through working with 35 Registered Providers with total facilities of over £950m (2018: £656m) and a current drawn balance of £315m (2018: £265m), with all lending secured on property
- The 2019 Annual Report & Accounts show a significant step towards integrated reporting

Source - YBS

ESG Score Evolution

ESG Score by Agency



Source - YBS

- ESG scores are compiled by assessing a number of factors, including but not limited to; business conduct, societal, customer and environmental impacts
- The considerable mprovements made by the Society over recent years have been recognised in the increased scores awarded by the respective agencies
- In 2019 YBS was named the most improved organisation by in terms of ESG within the Retail and Specialised Banks Sector[1]

(1) Source: Vigeo-Eiris ESG Retail and Specialised Banks Report 2019

UK Economy

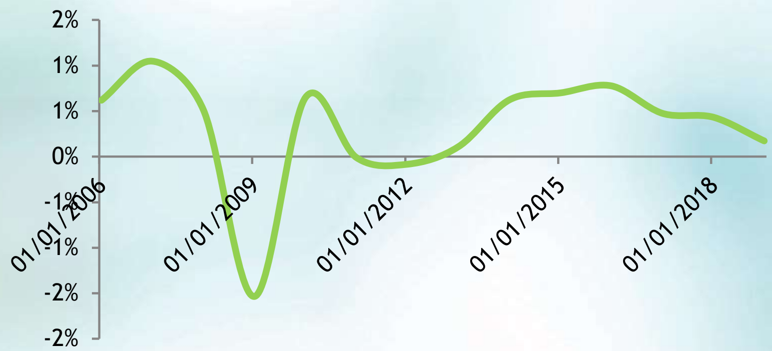
UK Mortgage Market Overview

UK House Price Index[1]

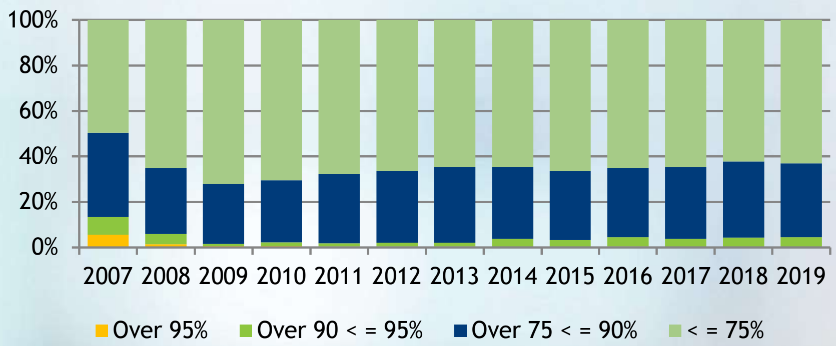
2019 Regional House Prices[1]

Regions	Average price Nov 2019	MoM Price Change %	YoY Price Change %
North East	130,712	0.7	1.4
North West	169,362	1.1	3.8
Yorkshire and The Humber	165,642	(1.0)	2.6
East Midlands	197,792	1.1	2.5
West Midlands	204,238	1.7	4.0
East of England	291,280	(0.7)	(0.7)
London	475,458	(0.5)	0.2
South East	326,636	0.4	1.0
South West	259,758	(0.3)	1.1
Scotland	154,798	0.4	3.5
Wales	172,574	3.5	7.8

YoY House Price Change[1]



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

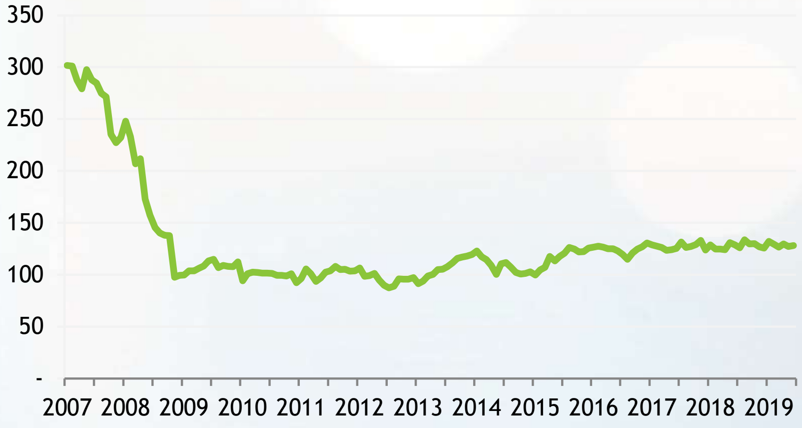


(1) Source: HM Land Registry data © Crown copyright and database right 2019. This data is licensed under the Open Government Licence v3.0. Data as at Nov 2019
(2) Source: Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA) - formerly FSA, via Haver Analytics

UK Mortgage Market Overview

UK Mortgage Balance Outstanding (£bn)[1]

UK New Mortgage Approvals (£bn)[2]



Mortgage Interest Rates (outstanding loans)[1]

Annual Unemployment Rate (LFS)[2]

(1) Source: Prudential Regulation Authority (PRA)/Financial Conduct Authority (FCA)
(2) Source: Bank of England

Contacts

Mike Regnier
Chief Executive Officer
Email: mregnier@ybs.co.uk
Tel: +44 (0)1274 472262

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

Chris Parrish
Director of Treasury
Email: clparrish@ybs.co.uk
Tel: +44 (0)1274 472662

YORKSHIRE
BUILDING SOCIETY