

# Summary financial statement

This financial statement is a summary of information in the audited Annual Accounts, the Directors' Report and the Annual Business Statement, all of which will be available to members and depositors free of charge on demand at every office of Yorkshire Building Society, (including Chelsea, Barnsley and N&P branches), from 7 March 2012.

## Summary directors' report

The information contained in the Chief Executive's report on pages 10 to 15 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 22 February 2012.

Ed Anderson - Chairman, Richard Davey - Vice Chairman, Chris Pilling - Chief Executive.

## Group results for the year

	2011 £m	2010 £m
Net interest income	328.6	272.7
Net losses from fair value volatility	(10.1)	(10.5)
Net realised profits	3.5	15.2
Other income and charges	47.4	43.4
<b>Total income</b>	<b>369.4</b>	<b>320.8</b>
Administrative expenses	(192.1)	(162.6)
Merger and acquisition costs	(17.5)	(10.4)
Provisions*	(30.1)	(45.9)
<b>Operating profit before exceptional provisions</b>	<b>129.7</b>	<b>101.9</b>
Financial Services Compensation Scheme levy	(5.6)	(3.6)
<b>Operating profit</b>	<b>124.1</b>	<b>98.3</b>
Negative goodwill	5.6	17.1
<b>Profit before taxation</b>	<b>129.7</b>	<b>115.4</b>
Taxation	(23.5)	(23.6)
<b>Profit for the year</b>	<b>106.2</b>	<b>91.8</b>

\* 'Provisions' encompasses provisions for impairment of loans and advances and debt securities, and provisions for liabilities.

## Group financial position at end of year

	2011 £m	2010 £m
<b>Assets</b>		
Liquid assets	4,917.8	5,861.8
Mortgages	26,659.3	23,296.6
Other loans	362.9	74.1
Derivative financial instruments	373.8	579.8
Fixed and other assets	333.2	274.0
<b>Total assets</b>	<b>32,647.0</b>	<b>30,086.3</b>
<b>Liabilities</b>		
Shares	25,973.4	21,382.5
Borrowings	3,866.9	6,336.7
Derivative financial instruments	609.1	472.3
Other liabilities	232.1	175.1
Subordinated liabilities	230.9	214.9
Subscribed capital	177.0	167.3
Reserves	1,557.6	1,337.5
<b>Total liabilities</b>	<b>32,647.0</b>	<b>30,086.3</b>

## Summary of key financial ratios

	%	%
<b>Gross capital as a percentage of shares and borrowings</b>	<b>6.59</b>	<b>6.20</b>
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 (Permanent Interest Bearing Shares).		
<b>Liquid assets as a percentage of shares and borrowings</b>	<b>16.48</b>	<b>21.15</b>
The liquid asset ratio measures those assets available to meet requests by investors 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.		
<b>Profit for the year as a percentage of mean total assets</b>	<b>0.34</b>	<b>0.35</b>
This ratio expresses profit or loss, after tax, as a percentage of average total assets.		
<b>Management expenses as a percentage of mean total assets</b>	<b>0.67</b>	<b>0.66</b>
The management expense ratio measures how cost effective the Group is. It is calculated by comparing the management expenses (administrative expenses plus merger and acquisition costs opposite) for the year with average total assets.		
<b>Management expenses as a percentage of mean total assets adjusted for the effects of mergers, acquisitions and closures (using monthly mean assets)</b>	<b>0.61</b>	<b>0.56</b>

## Independent auditor's statement to the members and depositors of Yorkshire Building Society

We have examined the Summary financial statement for the year ended 31 December 2011 which comprises the Group results for the year and Group financial position at end of year and summary of key financial ratios as well as the Summary directors' report. This report is made solely to the Society's members, as a body, in accordance with section 76(5) of the Building Societies Act 1986. Our work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, for our audit report, or for the opinions we have formed.

## Respective responsibilities of directors and auditor

The directors are responsible for preparing this 'Have your say, it's easy' booklet, in accordance with applicable United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the Summary financial statement within this 'Have your say, it's easy' booklet with the full Annual Report and Accounts, Annual Business Statement and Directors' Report and its conformity with the relevant

requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

We also read the other information contained in this 'Have your say, it's easy' booklet as described on page three and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary financial statement.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our report on the Group and the Society's Annual Report and Accounts describes the basis of our audit opinion on those financial statements.

## Opinion

In our opinion the Summary financial statement is consistent with the full Annual Report and Accounts, the Annual Business Statement and Directors' Report of Yorkshire Building Society for the year ended 31 December 2011 and complies with the applicable requirements of Section 76 of the Building Societies Act 1986 and regulations made under it.

Deloitte LLP, Chartered Accountants and Statutory Auditor, Leeds. 22 February 2012.

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