

**YORKSHIRE
BUILDING SOCIETY**

Social Financing Annual Report

January 2024

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Summary of Social Financing Framework

Use of Proceeds

Through the Social Financing Framework, Yorkshire Building Society (YBS) will use an amount equivalent to the net proceeds from SDI issuance finance and/or refinance new and/or existing Eligible Social Projects originated by the Society.

Eligible Social Projects

Eligible Social Projects are categorized to the SBP social project category of Access to Essential Services (financing and financial services), and in turn are aligned to UN SDG targets 1.4, 10.2, 10.3, 11.1 and 11.33.



Target Population

The target population for these Eligible Social Projects are customers who are underserved, owing to a lack of quality access to essential goods and services, and Social Housing. These include lending to borrowers that are (i) first-time buyers that have a low to medium annual income (vs national level); (ii) self-employed; (iii) individual contractors; and/or (iv) later life loans / lending into retirement, and Lending to Registered Providers/Social Housing Companies.

Process for Project Evaluation and Selection

YBS has formed a Social Financing Working Group to carry out the evaluation and selection process of the Eligible Social Projects, and the allocation of an amount equivalent to the net proceeds from SDI issuance.

The Social Financing Working Group meets bi-annually and includes senior representatives from the Finance, Trading, Risk and People functions of the Society.

Management of Proceeds

YBS has implemented internal accounting and financial management and information systems to track and report on the Eligible Social Projects and verify whether the net proceeds of each SDI have been fully allocated.

Reporting

On an annual basis while the SDIs are outstanding or in the case of material changes, Yorkshire Building Society will prepare and publish a Social Financing Annual Report which will be made available on the YBS website (<https://www.ybs.co.uk/your-society/treasury/financial-performance>).

The report will include Allocation Reporting, detailing SDIs issued, and aggregated reporting of loans (re)financed by SDIs' net proceeds, and Impact Reporting, detailing where possible, qualitative and/or quantitative social impacts resulting from loans (re)financed by the SDIs' net proceeds.

External Review

S&P Global were appointed to provide an external review in the form of a Second Party Opinion on this Framework, and to confirm alignment with the SBP and the UN SDGs. The Second Party Opinion is publicly available on the YBS website (<https://www.ybs.co.uk/your-society/treasury/financial-performance>).

Social Bond Issuance

	ISIN	Issue Date	Final Maturity Date	Currency	Notional (£m)	Coupon
Social RMBS (Brass 10)	XS2297660156 / XS2297660586	30/03/2021	16/04/2069	USD / GBP	207.5 ⁽¹⁾	0.669% (Fixed) / Sonia +0.33%
Social SNP	XS2385755835	15/09/2021	15/09/2029	GBP	250.0	1.500% (Fixed)
Social Covered Bond	XS2385755835	16/11/2021	16/11/2028	EUR	427.6 ⁽¹⁾	0.010% (Fixed)
Social Covered Bond	XS2432612526	18/01/2022	18/01/2027	GBP	500.0	Sonia +0.27%
Social SNP	XS2467494774	11/04/2022	11/10/2030	GBP	300.0	3.511% (Fixed)

2023 Social Bond Issuance

No social bonds issued in 2023.

Note: ⁽¹⁾ non-GBP amounts converted to GBP at swap FX rate

Allocation Reporting

Eligible Social Asset Portfolio

Social Bond proceeds have been fully allocated since issuance to a portfolio of Eligible Social Projects (ESP), based on the target populations specified in the Social Financing Framework last published in September 2021. The definitions of the target populations are detailed below:

First-Time Buyer

At least one borrower on the mortgage has never owned an interest in a residential property in the United Kingdom or anywhere else in the world and intends to occupy the property as their main residence. The average borrower income must be classified as low to medium, which is defined as being less than or equal to £35,561 based on the median full-time employee pay from the Office for National Statistics ⁽¹⁾ or be on a specific Help-to-Buy product.

Self-Employed

At least one borrower on the mortgage does not work for a specific employer who pays them a consistent salary or wage, but instead works for themselves.

Contractor

At least one borrower on the mortgage undertakes work, often on a fixed term contract basis, to provide a skill or service to other companies.

Later Life Lending

At least one borrower on the mortgage will be over the age of 70 at the end of their mortgage term.

Note: ⁽¹⁾ Calculated based on annualising the median weekly full time income of £682 from the ONS 'Employee Earnings in the UK: 2023' November 23 bulletin <https://www.ons.gov.uk/employmentandlabourmarket/>

Allocation of Social Bond Proceeds

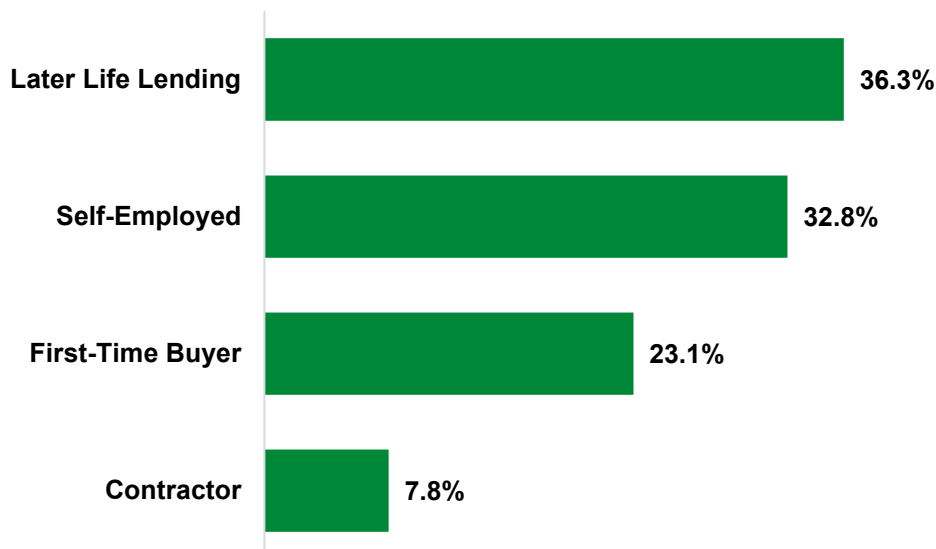
Social Bond proceeds have been fully allocated since issuance to a portfolio of ESP. Allocations to each target population have been based on the proportionate share of gross lending to each segment within the two-year look-back period ⁽²⁾ as outlined in the Social Financing Framework.

Sterling Equivalent Social Bond Proceeds

Social Bond	Balance	%
Social Notes ⁽¹⁾	£1,477,600,000	87.7%
Social RMBS	£207,505,420	12.3%
Total	£1,685,105,420	100.0%

Allocation to Target Populations

Target Population	Balance	%
First-Time Buyer	£389,677,554	23.1%
Self-Employed	£552,403,901	32.8%
Contractor	£131,217,882	7.8%
Later Life Lending	£611,806,083	36.3%
Total	£1,685,105,420	100.0%



Notes: ⁽¹⁾ Social notes include both Social Senior Non-Preferred and Social Covered Bond proceeds; ⁽²⁾ Lookback period defined as up to 24 months prior to the time of the respective SDI issuance (this ranges from Nov-19 to Oct-22)

Impact Reporting

The impact reporting is designed to provide further detail on the characteristics of the loans that have been financed by the Social Bond proceeds, as outlined above.

Key Characteristics

Characteristic	First-Time Buyer	Self Employed	Contractors	Later Life Lending	Total Social Asset Portfolio
Aggregate Balance (£)	389,677,554	552,403,901	131,217,882	611,806,083	1,685,105,420
Number of Loans	3,067	2,514	488	2,705	8,774
Number of Beneficiaries	4,887	4,482	828	4,503	14,700
Average Loan (£)	127,055	219,731	268,889	226,176	192,057
Largest Loan (£)	423,891	5,000,841	1,720,904	3,211,374	5,000,841
Average Property Value (£)	205,944	467,511	451,047	434,230	364,903
Weighted Average LTV	65.09%	57.25%	64.25%	60.25%	60.70%
Weighted Average Interest Rate	2.94%	2.83%	2.85%	2.74%	2.82%
Average Borrower Income (£) ⁽¹⁾	24,466	41,110	65,299	43,717	37,738

Detailed Analysis

Principal Amount Outstanding	First-Time Buyer		Self Employed		Contractors		Later Life Lending	
	Balance	%	Balance	%	Balance	%	Balance	%
≤£100k	90,175,076	23.1%	38,177,683	6.9%	3,558,052	2.7%	38,764,505	6.3%
>£100k ≤£250k	258,437,547	66.3%	192,870,975	34.9%	39,634,458	30.2%	204,959,002	33.5%
>£250k ≤£500k	41,064,931	10.5%	203,588,981	36.9%	59,412,610	45.3%	255,665,073	41.8%
>£500k ≤£750k	0	0.0%	49,504,450	9.0%	20,549,133	15.7%	69,140,620	11.3%
>£750k ≤£1,000k	0	0.0%	21,251,336	3.8%	3,522,206	2.7%	13,879,104	2.3%
>£1,000k	0	0.0%	47,010,476	8.5%	4,541,422	3.5%	29,397,779	4.8%
Total	389,677,554	100.0%	552,403,901	100.0%	131,217,882	100.0%	611,806,083	100.0%

Note: ⁽¹⁾ Calculated based on the average annual borrower income per loan

Region	First-Time Buyer		Self Employed		Contractors		Later Life Lending	
	Balance	%	Balance	%	Balance	%	Balance	%
East Anglia	16,759,254	4.3%	24,741,727	4.5%	5,417,277	4.1%	26,249,174	4.3%
East Midlands	35,033,651	9.0%	29,096,146	5.3%	7,163,800	5.5%	34,766,495	5.7%
Greater London	14,903,594	3.8%	85,489,214	15.5%	29,498,943	22.5%	101,132,567	16.5%
North	30,139,630	7.7%	16,073,007	2.9%	4,573,633	3.5%	16,699,209	2.7%
North West	64,473,059	16.5%	52,870,252	9.6%	7,889,026	6.0%	54,179,365	8.9%
Northern Ireland	4,394,484	1.1%	7,075,328	1.3%	660,511	0.5%	5,122,338	0.8%
Scotland	35,502,437	9.1%	28,646,487	5.2%	10,246,667	7.8%	27,158,328	4.4%
South East	50,736,656	13.0%	163,157,776	29.5%	34,213,759	26.1%	197,335,313	32.3%
South West	25,382,195	6.5%	44,710,138	8.1%	11,930,693	9.1%	50,036,006	8.2%
Wales	22,290,022	5.7%	18,413,448	3.3%	3,483,750	2.7%	21,993,949	3.6%
West Midlands	28,154,925	7.2%	37,836,447	6.8%	6,465,016	4.9%	34,908,965	5.7%
Yorks & Humber	61,907,649	15.9%	44,293,932	8.0%	9,674,806	7.4%	42,224,373	6.9%
Total	389,677,554	100.0%	552,403,901	100.0%	131,217,882	100.0%	611,806,083	100.0%

Average Borrower Income	First-Time Buyer ⁽¹⁾		Self Employed		Contractors		Later Life Lending	
	Balance	%	Balance	%	Balance	%	Balance	%
≤£20k	64,171,972	16.5%	39,967,050	7.2%	1,821,903	1.4%	15,991,306	2.6%
>£20k ≤£40k	305,194,857	78.3%	219,124,804	39.7%	30,350,632	23.1%	211,228,540	34.5%
>£40k ≤£60k	15,232,642	3.9%	129,203,284	23.4%	39,289,764	29.9%	187,821,431	30.7%
>£60k ≤£100k	4,712,573	1.2%	77,654,646	14.1%	30,680,738	23.4%	123,545,856	20.2%
>£100k	365,510	0.1%	86,454,116	15.7%	29,074,844	22.2%	73,218,950	12.0%
Total	389,677,554	100.0%	552,403,901	100.0%	131,217,882	100.0%	611,806,083	100.0%

Note: ⁽¹⁾ As defined within the First-Time Buyer definition, all balances within this banding have an average borrower income that is classified as low or medium (below £35,561) or are on a specific Help-to-Buy product

Indexed LTV Banding	First-Time Buyer		Self Employed		Contractors		Later Life Lending	
	Balance	%	Balance	%	Balance	%	Balance	%
≤65%	170,324,417	43.7%	353,363,360	64.0%	62,129,447	47.3%	358,251,330	58.6%
>65% ≤75%	148,634,595	38.1%	120,088,404	21.7%	42,444,456	32.3%	137,777,239	22.5%
>75% ≤85%	56,357,249	14.5%	61,654,202	11.2%	23,300,888	17.8%	90,559,839	14.8%
>85% ≤95%	13,550,808	3.5%	17,089,136	3.1%	3,343,091	2.5%	25,217,674	4.1%
>95%	810,486	0.2%	208,799	0.0%	0	0.0%	0	0.0%
Total	389,677,554	100.0%	552,403,901	100.0%	131,217,882	100.0%	611,806,083	100.0%

Average Age ⁽¹⁾	First-Time Buyer		Self Employed		Contractors		Later Life Lending	
	Balance	%	Balance	%	Balance	%	Balance	%
18 - 30	143,923,884	36.9%	21,796,623	3.9%	18,399,625	14.0%	1,247,655	0.2%
31 - 50	227,804,849	58.5%	416,118,843	75.3%	99,236,022	75.6%	391,014,818	63.9%
51 - 70	17,948,822	4.6%	114,395,709	20.7%	13,582,236	10.4%	218,468,640	35.7%
Over 70	0	0.0%	92,726	0.0%	0	0.0%	1,074,970	0.2%
Total	389,677,554	100.0%	552,403,901	100.0%	131,217,882	100.0%	611,806,083	100.0%

Note: ⁽¹⁾ Calculated based on the average borrower age per loan

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