



**Social Financing Annual Report**  
**January 2022**

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## 1. Real Help with Real Life

To help deliver on the core purpose of providing *Real Help with Real Life*, YBS is continuing to prioritise lending to customers who are currently poorly served by the market, in order to help them overcome the financial barriers they face. This includes targeted initiatives to support underserved segments of the market such as first-time-buyers, self-employed borrowers, early- and later-life lending, and individuals who require the help of shared ownership and social housing schemes.

Such initiatives are enabled through specific product offerings alongside a pragmatic approach to underwriting which uses an element of human involvement, rather than solely relying on automated decision-making models. Examples of these include, but are not limited to:

- Continuing to offer 90% LTV mortgages throughout most of 2020 unlike many other lenders;
- Re-entry into the 95% LTV market in March 2021
- Extending the maximum term and maximum age at term end to 40 years and 80 years respectively;
- Continued participation in the government’s Help-to-Buy scheme; and
- Allowing up to a maximum of 4 borrowers per mortgage application.

Having such an established and well-defined purpose ensures YBS maintains its focus on product propositions with continuous review and improvements that will lead to the goal of 75% of lending to be genuinely purposeful by the end of 2024. This means ensuring the continued provision of lending to the aforementioned customers in an easy and efficient way that suits their needs.

Throughout the COVID-19 crisis, YBS supported borrowers to stay in their homes by approving more than 40,000 mortgage payment deferrals and supporting customers when they needed it most. All payment deferrals have now come to an end with no material deterioration in performance.

In response to the devastating impact Covid-19 was having across the country, the Yorkshire Building Society Charitable Foundation launched its Coronavirus Response Fund to support smaller charities across the UK. The £100,000 fund has donated to 61 charities with amounts ranging from £500 to £2,000.



## 2.Social Bond Issuance

### 2.1 Social RMBS (Brass 10)

Notional (Issuance)	\$300,000,000 (£216,403,375.89) A1, £264,000,000 A2
Currency	USD / GBP
Coupon	0.669% Fixed (A1), Daily Compounded SONIA +0.33% (A2)
Issue Date	30 March 2021
Step-Up Date	16 April 2026
Final Maturity Date	16 April 2069
Listing	Euronext Dublin
SPO	S&P Global
ISINs	Rule 144A: US10554PAA12, Regulation S: XS2297660156 (A1) / Rule 144A: XS2297662525, Regulation S: XS2297660586 (A2)

### 2.2 Social Senior Non-Preferred

Notional	£250,000,000
Currency	GBP
Coupon	1.50% Fixed
Issue Date	15 September 2021
Optional Maturity Date	15 September 2028
Final Maturity Date	15 September 2029
Listing	London Stock Exchange
SPO	S&P Global
ISIN	XS2385755835

## 2.3 Social Covered Bond

Notional	€500,000,000 (£427,600,000)
Currency	EUR
Coupon	0.010% Fixed
Issue Date	16 November 2021
Final Maturity Date	16 November 2028
Listing	London Stock Exchange
SPO	S&P Global
ISIN	XS2385755835

Over half of investors in the final orderbook for the inaugural Social Covered Bond issuance were classified as an 'Engaged' or 'Advanced' ESG investor.

Engaged investors are those who are actively integrating ESG with dedicated ESG team(s) and/or have Sustainable / Socially Responsible Investment funds (best-in-class or equivalent) and/or with quantitative / precise ESG integration targets and/or achievements.

Advanced investors are those with sustainability-themed and impact-oriented strategies (dedicated Green/SDGs/ Impact investing mandates), running dedicated funds / liquidity pockets.

### 3. Allocation Reporting

#### 3.1 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 ([https://www.ybs.co.uk/treasurydata/Social\\_Financing\\_Framework\\_2021.pdf](https://www.ybs.co.uk/treasurydata/Social_Financing_Framework_2021.pdf)). 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 £31,772 based on the median full-time employee pay from the Office for National Statistics <sup>(1)</sup>

##### 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

Notes: (1) Calculated based on annualising the median weekly full time income of £611 from the ONS 'Employee Earnings in the UK: 2021' October 21 bulletin <https://www.ons.gov.uk/employmentandlabourmarket/>

### 3.2 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<sup>(2)</sup> as outlined in the Social Financing Framework.

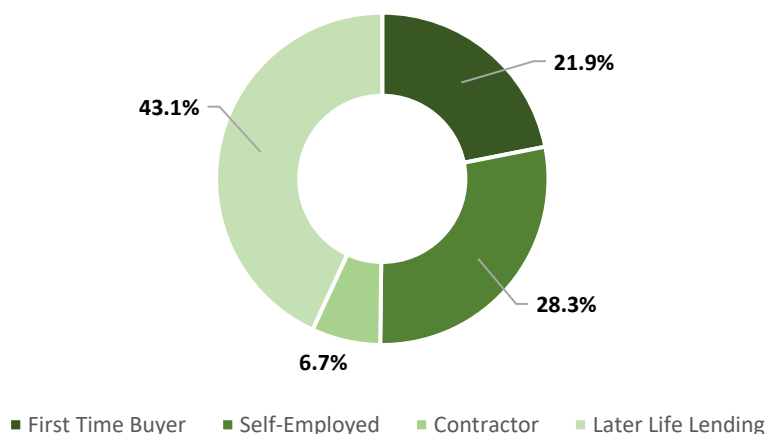
#### Sterling Equivalent Social Bond Proceeds

Social Bond	Balance	%
Social Notes <sup>(1)</sup>	£677,600,000.00	58.5%
Social RMBS	£480,403,375.89	41.5%
Total	£1,158,003,375.89	100.0%

#### Allocation to Target Populations

Social Bond	Balance	%
First-Time Buyer	£253,902,592.12	21.9%
Self-Employed	£327,420,874.68	28.3%
Contractor	£77,533,134.99	6.7%
Later Life Lending	£499,146,774.10	43.1%
Total	£1,158,003,375.89	100.0%

#### Allocation by Eligible Social Project



Notes: (1) Social notes include both Social Senior Non Preferred and Social Covered Bond proceeds; (2) Lookback period defined as 1 November 2019 to 31 October 2021

## 4. 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 in section 3.2.

### 4.1 Key Characteristics

Characteristic	Number / Balance / %
Principal balance	£1,158,003,375.89
Average loan size	£182,018.76
Number of loans	6,362
Number of beneficiaries	10,582
Largest loan balance	£4,736,298.50
Average property value	£320,498.77
Weighted average indexed LTV	65.1%
Weighted average interest rate	2.19%
Average borrower income <sup>(1)</sup>	£36,166.45

### 4.2 First Time Buyer – Detailed Analysis

Average Borrower Income	Balance	%
<=£20,000	£51,380,391.66	20.2%
£20,001 - £40,000 <sup>(2)</sup>	£202,522,200.46	79.8%
£40,001 - £60,000	£0.00	0.0%
£60,001 - £100,000	£0.00	0.0%
>£100,000	£0.00	0.0%
Total	£253,902,592.12	100.0%

Notes: (1) Calculated based on the average annual borrower income per loan; (2) 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 £31,772)



Average Borrower Age <sup>(1)</sup>	Balance	%
18-30	£144,273,317.68	56.8%
31-50	£106,548,035.88	42.0%
51-70	£3,081,238.56	1.2%
Over 70	-	0.0%
Total	£253,902,592.12	100.0%

Geographic Region	Balance	%
East Anglia	£8,565,989.28	3.4%
East Midlands	£23,344,969.43	9.2%
Greater London	£9,476,571.74	3.7%
North	£21,361,321.96	8.4%
North West	£42,603,031.67	16.8%
Northern Ireland	£3,250,512.73	1.3%
Scotland	£27,785,238.68	10.9%
South East	£27,786,630.42	10.9%
South West	£13,190,452.01	5.2%
Wales	£14,268,247.20	5.6%
West Midlands	£18,573,659.95	7.3%
Yorks & Humber	£43,695,967.05	17.2%
Total	£253,902,592.12	100.0%

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

Indexed LTV	Balance	%
<=65%	£48,071,296.20	18.9%
65.01% - 75%	£56,246,332.18	22.2%
75.01% - 85%	£134,720,614.77	53.1%
85.01% - 90%	£14,813,331.64	5.8%
90.01% - 95%	£51,017.33	0.0%
Total	£253,902,592.12	100.0%

Principal Outstanding	Balance	%
<=£100,000	£70,524,906.50	27.8%
£100,001 - £250,000	£163,824,035.46	64.5%
£250,001 - £500,000	£19,553,650.16	7.7%
£500,001 - £750,000	-	0.0%
£750,001 - £1,000,000	-	0.0%
>£1,000,000	-	0.0%
Total	£253,902,592.12	100.0%

### 4.3 Self-Employed – Detailed Analysis

Average Borrower Income	Balance	%
<=£20,000	£31,336,232.09	9.6%
£20,001 - £40,000	£138,818,243.22	42.4%
£40,001 - £60,000	£67,090,591.15	20.5%
£60,001 - £100,000	£45,303,616.94	13.8%
>£100,000	£44,872,191.28	13.7%
Total	£327,420,874.68	100.0%

Average Borrower Age	Balance	%
18-30	£12,760,404.27	3.9%
31-50	£253,869,927.49	77.5%
51-70	£60,790,542.92	18.6%
Over 70	-	0.0%
Total	£327,420,874.68	100.0%

Geographic Region	Balance	%
East Anglia	£18,185,940.24	5.6%
East Midlands	£18,386,333.66	5.6%
Greater London	£46,633,115.35	14.2%
North	£11,102,100.96	3.4%
North West	£35,166,591.15	10.7%
Northern Ireland	£4,169,827.48	1.3%
Scotland	£18,196,498.32	5.6%
South East	£83,375,920.82	25.5%
South West	£27,043,876.94	8.3%
Wales	£11,734,655.14	3.6%
West Midlands	£24,791,917.90	7.6%
Yorks & Humber	£28,634,096.72	8.7%
Total	£327,420,874.68	100.0%

Indexed LTV	Balance	%
<=65%	£175,053,429.70	53.5%
65.01% - 75%	£102,354,686.69	31.3%
75.01% - 85%	£47,443,280.80	14.5%
85.01% - 90%	£2,569,477.49	0.8%
90.01% - 95%	-	0.0%
Total	£327,420,874.68	100.0%

Principal Outstanding	Balance	%
<=£100,000	£35,029,774.21	10.7%
£100,001 - £250,000	£122,918,099.64	37.5%
£250,001 - £500,000	£110,994,715.80	33.9%
£500,001 - £750,000	£22,365,748.54	6.8%
£750,001 - £1,000,000	£13,435,590.86	4.1%
>£1,000,000	£22,676,945.63	6.9%
Total	£327,420,874.68	100.0%

#### 4.4 Contractor – Detailed Analysis

Average Borrower Income	Balance	%
<=£20,000	£1,252,565.92	1.6%
£20,001 - £40,000	£15,008,573.34	19.4%
£40,001 - £60,000	£22,151,044.99	28.6%
£60,001 - £100,000	£19,731,444.23	25.4%
>£100,000	£19,389,506.51	25.0%
Total	£77,533,134.99	100.0%

Average Borrower Age	Balance	%
18-30	£7,953,754.81	10.3%
31-50	£65,027,526.66	83.9%
51-70	£4,551,853.52	5.9%
Over 70	-	0.0%
Total	£77,533,134.99	100.0%

Geographic Region	Balance	%
East Anglia	£4,411,882.02	5.7%
East Midlands	£3,855,935.56	5.0%
Greater London	£12,143,168.20	15.7%
North	£3,898,850.37	5.0%
North West	£5,109,390.44	6.6%
Northern Ireland	£910,625.27	1.2%
Scotland	£6,787,834.53	8.8%
South East	£21,024,406.23	27.1%
South West	£6,492,924.00	8.4%
Wales	£1,934,125.46	2.5%
West Midlands	£5,453,419.46	7.0%
Yorks & Humber	£5,510,573.45	7.1%
Total	£77,533,134.99	100.0%

Indexed LTV	Balance	%
<=65%	£21,853,433.24	28.2%
65.01% - 75%	£24,531,780.85	31.6%
75.01% - 85%	£29,300,485.73	37.8%
85.01% - 90%	£1,847,435.17	2.4%
90.01% - 95%	-	0.0%
Total	£77,533,134.99	100.0%

Principal Outstanding	Balance	%
<=£100,000	£2,694,854.00	3.5%
£100,001 - £250,000	£21,204,170.19	27.3%
£250,001 - £500,000	£38,506,202.68	49.7%
£500,001 - £750,000	£12,305,824.48	15.9%
£750,001 - £1,000,000	£872,281.17	1.1%
>£1,000,000	£1,949,802.47	2.5%
Total	£77,533,134.99	100.0%

#### 4.5 Later Life Lending – Detailed Analysis

Average Borrower Income	Balance	%
<=£20,000	£16,001,484.39	3.2%
£20,001 - £40,000	£191,982,061.03	38.5%
£40,001 - £60,000	£148,173,772.17	29.7%
£60,001 - £100,000	£94,628,696.77	19.0%
>£100,000	£48,360,759.74	9.7%
Total	£499,146,774.10	100.0%

Average Borrower Age	Balance	%
18-30	£144,559.08	0.0%
31-50	£335,558,037.23	67.2%
51-70	£162,604,950.76	32.6%
Over 70	£839,227.03	0.2%
Total	£499,146,774.10	100.0%

Geographic Region	Balance	%
East Anglia	£22,349,853.90	4.5%
East Midlands	£27,295,449.19	5.5%
Greater London	£84,519,090.42	16.9%
North	£17,286,173.38	3.5%
North West	£42,081,591.00	8.4%
Northern Ireland	£4,766,237.78	1.0%
Scotland	£22,672,534.85	4.5%
South East	£154,119,906.77	30.9%
South West	£45,131,056.44	9.0%
Wales	£15,804,217.38	3.2%
West Midlands	£33,617,013.20	6.7%
Yorks & Humber	£29,503,649.79	5.9%
Total	£499,146,774.10	100.0%

Indexed LTV	Balance	%
<=65%	£204,594,669.11	41.0%
65.01% - 75%	£154,335,846.26	30.9%
75.01% - 85%	£127,332,532.65	25.5%
85.01% - 90%	£12,317,728.39	2.5%
90.01% - 95%	£565,997.69	0.1%
Total	£499,146,774.10	100.0%

Principal Outstanding	Balance	%
<=£100,000	£29,487,722.74	5.9%
£100,001 - £250,000	£184,052,581.16	36.9%
£250,001 - £500,000	£213,134,416.35	42.7%
£500,001 - £750,000	£49,255,585.49	9.9%
£750,001 - £1,000,000	£12,530,190.59	2.5%
>£1,000,000	£10,686,277.77	2.1%
Total	£499,146,774.10	100.0%



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