

Yorkshire Building Society £7.5bn Covered Bond Programme - Monthly Investor Report: September 2018

Administration

Name of Issuer	Yorkshire Building Society
Name of ICB programme	Yorkshire Building Society £7.5 billion Global Covered Bond Programme
Name, job title and contact details of person validating this form	Richard Driver, Secured Funding Manager, rjdri@ybs.co.uk
Date of form submission	21/10/2018
Start Date of reporting period	01/09/2018
End Date of reporting period	30/09/2018
Web links - prospectus, transaction documents, loan-level data	http://www.ybs.co.uk/your-society/treasury/wholesale_funding/covered-bonds/reports.html

Counterparties, Ratings

	Counterparty/ies	Fitch		Moody's	
		Rating trigger	Current rating	Rating trigger	Current rating
Covered bonds		-	AAA	-	Aaa
Issue	Yorkshire Building Society	-	A-/F1	-	A3/P-2
Seller(s)	Yorkshire Building Society	< BBB-, < F2	A-/F1	< Baa3, < P-2	A3/P-2
Cash Manager	Yorkshire Building Society	< BBB-	A-/F1	<Baa1, < Baa3	A3/P-2
Back-up Cash Manager	n/a	-	-	-	-
Account Bank	Yorkshire Building Society	< F1	A-/F1	< P-1	A3/P-2
Stand-by Account Bank	HSBC Bank plc	< F1	AA-/F1+	< P-1	Aa2/P-1
Service(s)	Yorkshire Building Society	< BBB-	A-/F1	<Baa1, < Baa3	A3/P-2
Back-up Service(s)	n/a	-	-	-	-
Interest Rate Swap Provider	Yorkshire Building Society	< F3/BBB-	A-/F1	< P-2/A3	A3/P-2
Swap notional amount(s) (GBP)	2,764,087,380				
Swap notional maturity/ies	Loan balance zero				
LLP receive rate/margin	1.94%				
LLP pay rate/margin	2.30%				
Collateral posting amount(s) (GBP)	0				

Accounts, Ledgers

	Value as of End Date of reporting period	Value as of Start Date of reporting period	TARGETED VALUE
Revenue receipts / ledger			
Begin Balance	0	n/a	n/a
Third party payments	1,007	n/a	n/a
Interest on Mortgages	5,546,353	n/a	n/a
Interest on CIC	27,003	n/a	n/a
Interest on Sub Assets	0	n/a	n/a
Interest on Authorised Investments	0	n/a	n/a
Transfer from Coupon payment ledger	0	n/a	n/a
Other Revenue	0	n/a	n/a
Amounts transferred from / (to) Reserve Fund	0	n/a	n/a
Cash Capital Contribution deemed to be revenue	0	n/a	n/a
Net interest from / (to) Interest Rate Swap Provider	(829,490)	n/a	n/a
Interest (to) Covered Bond Swap Providers	(1,758,654)	n/a	n/a
Pre-funding of monthly swap payments / other payments	0	n/a	n/a
Interest paid on Covered Bonds without Covered Bonds Swaps	0	n/a	n/a
Deferred Consideration	(2,985,111)	n/a	n/a
Closing Balance	0	n/a	n/a
Principal receipts / ledger			
Begin Balance	0	n/a	n/a
Principal repayments under mortgages	41,429,539	n/a	n/a
Proceeds from Term Advances	0	n/a	n/a
Mortgages Purchased	(498,579,531)	n/a	n/a
Cash Capital Contributions deemed to be principal	0	n/a	n/a
Proceeds from Mortgage Sales	2,109,589	n/a	n/a
Principal payments to Covered Bonds Swap Providers	0	n/a	n/a
Principal paid on Covered Bonds without Covered Bonds Swaps	0	n/a	n/a
Capital Distribution	455,040,403	n/a	n/a
Closing Balance	0	n/a	n/a
Reserve receipts / ledger			
Begin Balance	6,519,251	n/a	n/a
Transfers to CIC	0	n/a	n/a
Interest on CIC	0	n/a	n/a
Reserve Required Amount movement	0	n/a	n/a
Transfers from CIC	0	n/a	n/a
Closing Balance	6,519,251	n/a	5,945,177
Capital Account receipts / ledger			
Begin Balance	961,731,019	n/a	n/a
Increase in loan balance due to Capitalised Interest	0	n/a	n/a
Increase in loan balance due to Further Advances	1,729,407	n/a	n/a
Increase in loan balance due to Insurance & Fees	102,068	n/a	n/a
Capital Contributions	0	n/a	n/a
Capital Distribution	455,040,403	n/a	n/a
Losses from Capital Contribution in Kind	0	n/a	n/a
Closing Balance	1,418,603,097	n/a	n/a

Asset Coverage Test

	Value	Description
A	2,462,221,773	Adjusted current balance
B	41,429,539	Principal collections not yet applied
C	0	Qualifying additional collateral
D	0	Substitute assets
E	n/a	Proceeds of sold mortgage loans
V	n/a	Set-off offset loans
W	n/a	Personal secured loans
X	n/a	Flexible draw capacity
Y	161,196,658	Set-off
Z	52,205,023	Negative carry
Total: A + B + C + D - (Y + Z)	2,290,249,631	
Method Used for Calculating "A" (note 1)	A (ii)	
Asset Percentage (%)	88.00%	
Maximum asset percentage from Fitch (%)	88.00%	
Maximum asset percentage from Moody's (%)	90.50%	
Maximum asset percentage from S&P (%)	n/a	
Credit support as derived from A.C.T (GBP)	735,549,631	
Credit support as derived from ACT (%)	47.3%	

Note 1

(i) Adjusted True Balance less deemed reductions. (ii) Arrears Adjusted True Balance less deemed Reductions multiplied by the Asset Percentage

Programme-Level Characteristics

	EUR
Programme Currency	EUR
Programme size	7,500,000,000
Covered bonds principal amount outstanding (GBP, non-GBP series converted at swap FX rate)	1,554,700,000
Covered bonds principal amount outstanding (GBP, non-GBP series converted at current spot rate)	1,782,560,000
Cover pool balance (GBP)	2,799,461,522
GIC account balance (GBP)	53,522,145
Any additional collateral (please specify)	0
Any additional collateral (GBP)	0
Aggregate balance of off-set mortgages (GBP)	861,200,006
Aggregate deposits attaching to the cover pool (GBP)	161,196,658
Aggregate deposits attaching specifically to the off-set mortgages (GBP)	158,747,131
Nominal level of overcollateralisation (GBP)	1,244,761,522
Nominal level of overcollateralisation (%)	180.1%
Total Outstanding Current Balance of Mortgages in the Portfolio	2,799,461,522
Number of Mortgages in Pool	26,091
Average loan balance (GBP)	107,296
Weighted average indexed LTV (%)	45.62
Weighted average non-indexed LTV (%)	54.51
Weighted average seasoning (months)	85.38
Weighted average remaining term (months)	207.32
Weighted average interest rate (%)	2.71
Standard Variable Rate(s) (%)	4.99
Constant Pre-Payment Rate (% current month)	12.20
Constant Pre-Payment Rate (% quarterly average)	15.69
Principal Payment Rate (% current month)	17.51
Principal Payment Rate (% quarterly average)	20.89
Constant Default Rate (% current month)	0
Constant Default Rate (% quarterly average)	0
Fitch Discontinuity Factor (%)	4 (moderate risk)
Moody's Timely Payment Indicator	Probable
Moody's Collateral Score (%)	5.0 / 2.0

Mortgage Collections

Mortgage collections (scheduled - interest)	5,546,352
Mortgage collections (scheduled - principal)	12,423,764
Mortgage collections (unscheduled - interest)	0
Mortgage collections (unscheduled - principal)	29,005,775

Loan Redemptions & Replenishments Since Previous Reporting Date

	Number	% of total number	Amount (GBP)	% of total amount
Loan redemptions since previous reporting date	248	83.78%	21,558,224	91.12%
Loans bought back by sellers	48	18.22%	2,100,738	8.88%
of which are non-performing loans	3	6.25%	497,125	23.66%
of which have breached R&Ws	0	0.00%	0	0.00%
Loans sold into the cover pool	0	n/a	0	n/a

Product Rate Type and Reversionary Profiles

	Number	% of total number	Amount (GBP)	% of total amount	Weighted average				
					Current rate	Remaining teaser period (month)	Current margin	Reversionary margin	Initial rate
Fixed at origination, reverting to SVR	18,381	70.46%	2,265,250,717	80.92%	2.58%	20.4	0.00%	0.00%	
Fixed at origination, reverting to Libor	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Fixed at origination, reverting to tracker	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Fixed for life	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Tracker at origination, reverting to SVR	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Tracker at origination, reverting to Libor	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Tracker for life	3,611	13.84%	263,340,782	9.41%	2.43%	-	1.72%	1.72%	
SVR, including discount to SVR	4,099	15.71%	270,870,023	9.68%	4.10%	-	-0.78%	0.03%	
Libor	0	0.00%	0	0.00%	0.00%	-	0.00%	0.00%	
Total	26,091	100.00%	£ 2,799,461,522	100.00%					

Stratifications

Arrears Breakdown	Number	% of Total Number	Amount	% of Total Amount
Current	25,865	99.13%	2,781,338,695	99.35%
0-1 month in arrears	131	0.50%	10,358,282	0.37%
1-2 months in arrears (greater than 1 month, includes 2 months)	43	0.16%	3,087,568	0.11%
2-3 months in arrears (greater than 2 months, includes 3 months)	29	0.11%	2,424,286	0.09%
3-6 months in arrears (greater than 3 months, includes 6 months)	20	0.08%	1,755,566	0.06%
6-12 months in arrears (greater than 6 months, includes 12 months)	3	0.01%	497,125	0.02%
12+ months in arrears (greater than 12 months)	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Current LTV (Non-Indexed)	Number	% of Total Number	Amount	% of Total Amount
0-50% - Non Indexed	15,143	88.04%	1,063,021,490	37.97%
50-55%	1,822	6.98%	255,022,595	9.11%
55-60%	1,936	7.42%	303,185,470	10.83%
60-65%	1,780	6.82%	280,386,453	10.02%
65-70%	1,562	5.99%	269,697,517	9.63%
70-75%	1,148	4.40%	191,224,958	6.83%
75-80%	1,199	4.60%	189,659,792	6.77%
80-85%	904	3.46%	151,537,090	5.41%
85-90%	413	1.58%	66,617,617	2.38%
90-95%	130	0.50%	20,251,831	0.72%
95-100%	48	0.18%	7,909,337	0.28%
100-105%	5	0.02%	720,409	0.03%
105-110%	0	0.00%	0	0.00%
110-125%	0	0.00%	0	0.00%
125%+	1	0.00%	226,963	0.01%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Current LTV (Indexed as Defined in OC)	Number	% of Total Number	Amount	% of Total Amount
0-50% - Indexed	18,796	72.04%	1,612,935,820	57.62%
50-55%	1,737	6.64%	279,535,150	9.99%
55-60%	1,559	5.98%	251,890,879	9.00%
60-65%	1,279	4.90%	211,036,524	7.54%
65-70%	1,042	3.99%	167,965,696	6.00%
70-75%	824	3.16%	128,134,471	4.58%
75-80%	489	1.87%	80,047,580	2.86%
80-85%	278	1.07%	52,276,162	1.87%
85-90%	73	0.28%	13,464,397	0.48%
90-95%	14	0.05%	2,174,842	0.08%
95-100%	0	0.00%	0	0.00%
100-105%	0	0.00%	0	0.00%
105-110%	0	0.00%	0	0.00%
110-125%	0	0.00%	0	0.00%
125%+	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Current outstanding balance of loan	Number	% of total number	Amount (GBP)	% of total amount
0-5,000	977	3.74%	1,713,513	0.06%
5,000-10,000	678	2.60%	5,133,919	0.18%
10,000-25,000	2,470	9.47%	43,731,550	1.56%
25,000-50,000	4,176	16.01%	155,477,099	5.55%
50,000-75,000	3,802	14.57%	236,897,368	8.46%
75,000-100,000	2,356	9.24%	292,521,670	10.45%
100,000-150,000	4,742	18.17%	581,069,186	20.76%
150,000-200,000	2,472	9.47%	424,632,906	15.17%
200,000-250,000	1,331	5.10%	296,379,894	10.59%
250,000-300,000	759	2.91%	207,713,956	7.42%
300,000-350,000	444	1.70%	143,906,427	5.14%
350,000-400,000	290	1.11%	107,801,116	3.85%
400,000-450,000	219	0.84%	92,311,392	3.30%
450,000-500,000	131	0.50%	61,847,966	2.21%
500,000-600,000	145	0.56%	78,919,490	2.82%
600,000-700,000	58	0.22%	37,046,253	1.32%
700,000-800,000	27	0.10%	19,925,548	0.71%
800,000-900,000	8	0.03%	6,762,336	0.24%
900,000-1,000,000	6	0.02%	5,649,924	0.20%
1,000,000 +	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Regional Distribution	Number	% of Total Number	Amount	% of Total Amount
East Anglia	718	2.75%	81,622,903	2.92%
East Midlands	1,268	4.86%	136,055,657	4.86%
Greater London	2,160	8.28%	478,563,316	17.09%
Northern Ireland	155	0.60%	14,454,354	0.52%
North	1,503	5.76%	116,697,009	4.17%
North West	4,243	16.26%	361,729,526	12.92%
Scotland	3,190	12.23%	273,273,260	9.76%
South East	2,901	11.12%	461,015,686	16.47%
South West	1,766	6.75%	137,202,734	4.90%
Wales	1,121	4.30%	91,170,190	3.26%
West Midlands	1,435	5.50%	153,223,161	5.47%
Yorkshire and Humber	6,210	23.80%	494,449,726	17.66%
Other	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Repayment type	Number	% of total number	Amount (GBP)	% of total amount
Capital repayment	16,179	62.01%	1,798,036,298	64.23%
Part-and-part	0	0.00%	0	0.00%
Interest-only	1,236	4.74%	140,225,219	5.01%
Offset	8,676	33.25%	861,200,006	30.76%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Seasoning	Number	% of total number	Amount (GBP)	% of total amount
0-12 months	0	0.00%	0	0.00%
12-24 months	809	3.10%	158,371,186	5.66%
24-36 months	1,406	5.39%	268,366,144	9.59%
36-48 months	2,591	9.93%	438,825,952	15.68%
48-60 months	4,361	16.71%	705,083,232	25.19%
60-72 months	281	1.08%	32,921,075	1.18%
72-84 months	723	2.77%	89,131,348	3.18%
84-96 months	802	3.07%	93,829,403	3.35%
96-108 months	769	2.95%	79,411,176	2.84%
108-120 months	674	2.58%	63,791,793	2.28%
120-150 months	5,021	19.24%	421,338,935	15.05%
150-180 months	4,037	15.47%	246,774,431	8.82%
180+ months	4,617	17.70%	201,616,848	7.20%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Interest payment type	Number	% of total number	Amount (GBP)	% of total amount
Fixed	18,301	70.46%	2,265,250,717	80.92%
SVR	4,099	15.71%	270,870,023	9.68%
Tracker	3,611	13.84%	263,340,782	9.41%
Other (please specify)	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Loan purpose type	Number	% of total number	Amount (GBP)	% of total amount
Owner-occupied	26,091	100.00%	2,799,461,522	100.00%
Buy-to-let	0	0.00%	0	0.00%
Second home	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Income verification type	Number	% of total number	Amount (GBP)	% of total amount
Fully verified	26,091	100.00%	2,799,461,522	100.00%
Fast-track	0	0.00%	0	0.00%
Self-certified	0	0.00%	0	0.00%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Remaining term of loan	Number	% of total number	Amount (GBP)	% of total amount
0-30 months	1,120	4.29%	29,453,448	1.05%
30-60 months	2,029	7.78%	73,718,111	2.63%
60-120 months	6,077	23.29%	350,348,142	12.51%
120-180 months	6,566	25.17%	641,087,330	22.90%
180-240 months	4,263	16.34%	602,474,488	21.52%
240-300 months	3,852	14.76%	687,041,464	24.54%
300-360 months	1,498	5.74%	288,894,030	10.32%
360+ months	686	2.63%	126,444,510	4.52%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Employment status	Number	% of total number	Amount (GBP)	% of total amount
Employed	18,682	71.60%	2,356,812,452	84.19%
Self-employed	778	2.98%	117,559,266	4.20%
Unemployed	67	0.26%	4,886,329	0.17%
Retired	283	1.08%	13,543,086	0.48%
Guarantor	0	0.00%	0	0.00%
Other	6,281	24.07%	306,660,389	10.95%
Total	26,091	100.00%	£ 2,799,461,522	100.00%

Covered Bonds Outstanding, Associated Derivatives (please disclose for all bonds outstanding)

Series	9	10	11	12
Issue date	11/06/14	19/06/15	10/11/15	11/04/17
Original rating (Moody's/Fitch)	Aaa/AA+	Aaa/AAA	Aaa/AAA	Aaa/AAA
Current rating (Moody's/Fitch)	Aaa/AAA	Aaa/AAA	Aaa/AAA	Aaa/AAA
Denomination	EUR	EUR	EUR	EUR
Amount at issuance	500,000,000	500,000,000	500,000,000	500,000,000
Amount outstanding	500,000,000	500,000,000	500,000,000	500,000,000
FX swap rate (rate:£1)	1.230	1.372	1.401	1.172
Maturity type (hard/soft-bullet/pass-through)	soft-bullet	soft-bullet	soft-bullet	soft-bullet
Scheduled final maturity date	11/06/21	19/06/20	10/11/22	11/04/23
Legal final maturity date	11/06/22	19/06/21	10/11/23	11/04/24
ISIN	XS1076258400	XS1248340587	XS1318364731	XS1594364033
Stock exchange listing	London	London	London	London
Coupon payment frequency	Annual	Annual	Annual	Annual
Coupon payment date	11th	19th	10th	11th
Coupon (rate if fixed, margin and reference rate if floating)	1.250%	0.500%	0.750%	0.375%
Margin payable under extended maturity period (%)	0.220%	0.040%	0.250%	0.100%
Swap counterparty/ies	Natixis	HSBC Bank Plc	HSBC Bank Plc	Natixis
Swap notional denomination	EUR	EUR	EUR	EUR
Swap notional amount	500,000,000	500,000,000	500,000,000	500,000,000
Swap notional maturity	11/06/21	19/06/20	10/11/22	11/04/23
LLP receive rate/margin	1.250%	0.500%	0.750%	0.375%
LLP pay rate/margin	0.6% / 3m Libor	0.445% / 3m Libor	0.799% / 3m Libor	0.6325% / 3m Libor
Collateral posting amount	0	0	0	0

Programme Triggers

Counterparty / Events	Summary of Event	Trigger (Moody's, Fitch: short-term, long-term)	Trigger breached (yes/no)	Consequence of a trigger breach
Issuer Event of Default	Issuer failure to pay, insolvency, etc	Issuer failure to pay, insolvency, etc	No	Triggers a Notice to Pay on the LLP
Seller / Transfer of Legal Title	Seller long term ratings fall below Trigger	Long term: Baa3 (Moody's), BBB- (Fitch)	No	Details of the Borrowers with Loans to be delivered to the LLP, the Security Trustee (upon request) and the Rating Agencies
Seller / CB Collection Account	Seller long term ratings fall below Trigger	Short term: P-2 (Moody's), F2 (Fitch)	No	Set up a separate CB Collection Account
Account Bank	Account Bank long and short term ratings fall below Trigger	Short term: P-1 (Moody's), F1 (Fitch)	Yes	GIC Account and Transaction account to be closed with the credit transferred to the Stand-by GIC Account and Stand-by Transaction Account
Stand-by Account Bank	Standby Account Bank long and short term ratings fall below Trigger	Short term: P-1 (Moody's), F1 (Fitch)	No	Move to higher rated bank/guarantee required
Servicer (appointment of Back-up Servicer)	Servicer long term rating fall below Trigger	Long term: Baa1 (Moody's), BBB- (Fitch)	No	Appointment of the Back-up Servicer
Servicer (transfer servicing obligation)	Servicer long term rating fall below Trigger	Long term: Baa3 (Moody's)	No	Transfer servicing obligation to the Back-up Servicer
Cash Manager (appointment of Back-up Cash Manager)	Cash Manager long term ratings fall below Trigger	Long term: Baa1 (Moody's)	No	Appointment of the Back-up Cash Manager
Cash Manager (transfer cash management obligation)	Cash Manager long term ratings fall below Trigger	Long term: Baa3 (Moody's), BBB- (Fitch)	No	Transfer cash management obligation to the Back-up Cash Manager. The Asset Monitor to report on arithmetic accuracy of the Asset Coverage Test.
Cash Manager Relevant Event	Cash Manager long term ratings fall below Trigger	Long term: Baa1 (Moody's)	No	Seller to pre-fund the LLP with the coupon amount due in respect of the covered bonds
Interest Rate Swap Provider	Interest Rate Swap provider ratings fall below Trigger	Replacement Trigger Short term: P-2 (Moody's), F3(Fitch) Long term: A3 (Moody's), BBB- (Fitch)	No	Replace Interest Rate Swap Provider or procure co-obligor or guarantee from sufficiently rated counterparty
Covered Bond Swap Provider - CB9	Covered Bond Swap Provider ratings fall below Trigger	Replacement Trigger Short term: P-2 (Moody's), F3 (Fitch) Long term: A3 (Moody's), BBB- (Fitch)	No	Replace Swap Provider with sufficiently rated counterparty
Covered Bond Swap Provider - CB10	Covered Bond Swap Provider ratings fall below Trigger	Replacement Trigger Short term: N/A (Moody's), F3 (Fitch) Long term: BBB- (Fitch), Counterparty Risk Assessment: Baa1 (Moody's)	No	Replace Swap Provider with sufficiently rated counterparty
Covered Bond Swap Provider - CB11	Covered Bond Swap Provider ratings fall below Trigger	Replacement Trigger Short term: N/A (Moody's), F3 (Fitch) Long term: BBB- (Fitch), Counterparty Risk Assessment: Baa1 (Moody's)	No	Replace Swap Provider with sufficiently rated counterparty
Covered Bond Swap Provider - CB12	Covered Bond Swap Provider ratings fall below Trigger	Replacement Trigger Short term: N/A (Moody's), F3 (Fitch) Long term: BBB- (Fitch), Counterparty Risk Assessment: Baa1 (Moody's)	No	Replace Swap Provider with sufficiently rated counterparty
LLP Event of Default	LLP failure to pay, Amortisation Test failure, etc	LLP failure to pay, Amortisation Test failure, etc	No	Bonds becoming immediately due and payable

Currency of assets

	Number	% of total number	Amount (GBP)	% of total amount
GBP	26,091	100.00%	£ 2,799,461,522	100.00%

Note 2

Non GBP bond issuance - all non GBP covered bonds are swapped back into GBP in line with rating agency criteria