Yorkshire BUILDING SOCIETY Covered Bond Programme

Yorkshire Building Society €7.5bn Covered Bond Programme - Monthly Investor Report: January 2014

Administration

Name of issuer	Yorkshire Building Society
Name of RCB programme	Yorkshire Building Society €7.5 billion Global Covered Bond Programme
Name, job title and contact details of person validating this form	Daren Murray, Head of Wholesale Funding, djmurray@ybs.co.uk
Date of form submission	21/02/2014
Start Date of reporting period	01/01/2014
End Date of reporting period	31/01/2014
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		S&P		DBRS	
		Rating trigger	Current rating	Rating trigger	Current rating	Rating trigger	Current rating	Rating trigger	Current rating
Covered bonds		-	AA+	-	Aa2	na	na	na	na
Issuer	Yorkshire Building Society	-	BBB+/F2	-	Baa2/P2	na	na	na	na
Seller(s)	Yorkshire Building Society	-	BBB+/F2	-	Baa2/P2	na	na	na	na
Cash manager	Yorkshire Building Society	BBB-	BBB+/F2	Baa3	Baa2/P2	na	na	na	na
Stand-by cash manager	BONY Mellon	-	-	-	-	na	na	na	na
Account bank	Yorkshire Building Society	F2	F2	P2	P2	na	na	na	na
Stand-by account bank	HSBC Bank Plc	F2	F1+	P2	P1	na	na	na	na
Servicer(s)	Yorkshire Building Society	BBB-	BBB+	Baa3	Baa2	na	na	na	na
Stand-by servicer(s)	Target Group	-	-	-	-	na	na	na	na
Swap provider(s) on cover pool	Yorkshire Building Society	-	BBB+	-	Baa2	na	na	na	na
Stand-by swap provider(s) on cover pool	n/a	n/a	n/a	n/a	n/a	na	na	na	na
Swap notional amount(s) (GBP)	2,773,143,245								
Swap notional maturity/ies	Loan balance zero								
LLP receive rate/margin	1.70%								
LLP pay rate/margin	3.93%								
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			
Beg Balance	0	n/a	n/a
Third party payments	(100)	n/a	n/a
Interest on Mortgages	8,369,789	n/a	n/a
Interest on GIC	14,973	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	2,150,804	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	(5,078,776)	n/a	n/a
Interest (to) Covered Bond Swap Providers	(2,150,804)	n/a	n/a
Pre-funding of monthly swap payments	(2,007,417)	n/a	n/a
Interest paid on Covered Bonds without Covered Bonds Swaps	(875,298)	n/a	n/a
Deferred Consideration	(423,051)	n/a	n/a
Closing Balance	121	n/a	n/a
Principal receipts / ledger			
Beg Balance	0	n/a	n/a
Principal repayments under mortgages	40,343,583	n/a	n/a
Proceeds from Term Advances	0	n/a	n/a
Mortgages Purchased	0	n/a	n/a
Cash Captial Contributions deemed to be principal	0	n/a	n/a
Proceeds from Mortgage Sales	3,039,546	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	(43,383,129)	n/a	n/a
Closing Balance	0	n/a	n/a
Reserve receipts / ledger			
Beg Balance	9,987,106	n/a	n/a
Transfers to GIC	0	n/a	n/a
Interest on GIC	0	n/a	n/a
Reserve Required Amount	0	n/a	n/a
Transfers from GIC	0	n/a	n/a
Closing Balance	9,987,106	n/a	9,983,304
Capital Account receipts / ledger			
Beg Balance	1,053,094,145	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	1,512,616	n/a	n/a
Increase in loan balance due to insurance & fees	271,867	n/a	n/a
Capital Contributions	0	n/a	n/a
Capital Distribution	(43,383,129)	n/a	n/a
Losses from Capital Contribution in Kind	0	n/a	n/a
Closing Balance	1,011,495,499	n/a	n/a

Asset Coverage Test

	Value	Description
A	2,302,930,972	Adjusted current balance
B	40,343,583	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	96,576,859	Set-off
Z	101,715,124	Negative carry
Total: A + B + C + D - (Y + Z)	2,144,982,572	
Method Used for Calculating "A" (note 1)	A (ii)	
Asset Percentage (%)	83.70%	
Maximum asset percentage from Fitch (%)	86.00%	
Maximum asset percentage from Moody's (%)	83.70%	
Maximum asset percentage from S&P (%)	n/a	
Credit support as derived from ACT (GBP) (see note 2)	392,962,572	
Credit support as derived from ACT (%)	22.4%	

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

Programme Currency	EUR
Programme size	7,500,000,000
Covered bonds principal amount outstanding (GBP, non-GBP series converted at swap FX rate)	1,752,020,000
Covered bonds principal amount outstanding (GBP, non-GBP series converted at current spot rate)	1,742,252,000
Cover pool balance (GBP)	2,759,124,733
GIC account balance (GBP)	62,830,958
Any additional collateral (please specify)	0
Any additional collateral (GBP)	0
Aggregate balance of off-set mortgages (GBP)	1,010,002,685
Aggregate deposits attaching to the cover pool (GBP)	96,576,859
Aggregate deposits attaching specifically to the off-set mortgages (GBP)	94,772,629
Nominal level of overcollateralisation (GBP)	392,962,572
Nominal level of overcollateralisation (%)	122.43%
Total Outstanding Current Balance of Mortgages in the Portfolio	2,759,124,733
Number of Mortgages in Pool	29,454
Average loan balance (GBP)	93,676
Weighted average indexed LTV (%)	55.50
Weighted average non-indexed LTV (%)	57.83
Weighted average seasoning (months)	80.26
Weighted average remaining term (months)	200.63
Weighted average interest rate (%)	3.89
Standard Variable Rate(s) (%)	4.99
Constant Pre-Payment Rate (%, current month)	13.20
Constant Pre-Payment Rate (%, quarterly average)	14.91
Principal Payment Rate (%, current month)	17.28
Principal Payment Rate (%, quarterly average)	18.94
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 / 4.7

Mortgage Collections

Mortgage collections (scheduled - interest)	8,369,789
Mortgage collections (scheduled - principal)	9,467,393
Mortgage collections (unscheduled - interest)	0
Mortgage collections (unscheduled - principal)	30,876,190

Loan Redemptions & Replenishments Since Previous Reporting Date

	Number	% of total number	Amount (GBP)	% of total amount
Loan redemptions since previous reporting date	253	80.06%	24,579,019	87.31%
Loans bought back by seller(s)	55	17.41%	3,040,805	10.80%
of which are non-performing loans	8	2.53%	530,835	1.89%
of which have breached R&Ws	0	0.00%	0	0.00%
Loans sold into the cover pool	0	0.00%	0	0.00%

Product Rate Type and Reversionary Profiles

					Weighted average				
	Number	% of total number	Amount (GBP)	% of total amount	Current rate	Remaining teaser period (month)	Current margin	Reversionary margin	Initial rate
Fixed at origination, reverting to SVR	20,236	68.70%	1,946,278,709	70.54%	4.27%	18.62	0	4.45	4.27%
Fixed at origination, reverting to Libor	0	0.00%	0	0.00%	0.00%	0	0	0	0.00%
Fixed at origination, reverting to tracker	3,597	12.21%	357,209,558	12.95%	2.89%	0	2.39	2.39	5.46%
Fixed for life	0	0.00%	0	0.00%	0.00%	0	0	0	0.00%
Tracker at origination, reverting to SVR	1,992	6.76%	181,794,898	6.59%	3.89%	3.81	0	4.45	3.63%
Tracker at origination, reverting to Libor	0	0.00%	0	0.00%	0.00%	0	0	0	0.00%
Tracker for life	3,300	11.20%	256,055,479	9.28%	2.30%	157.78	1.8	0	4.84%
SVR, including discount to SVR	329	1.12%	17,786,090	0.64%	4.99%	170.16	0.03	4.45	5.08%
Libor	0	0.00%	0	0.00%	0.00%	0	0	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**					

Stratifications

Arrears Breakdown	Number	% of Total Number	Amount	% of Total Amount
Current	28,993	98.43%	2,712,368,626	98.31%
0-1 month in arrears	273	0.93%	27,176,652	0.98%
1-2 months in arrears (greater than 1 month, includes 2 months)	96	0.33%	9,873,658	0.36%
2-3 months in arrears (greater than 2 months, includes 3 months)	40	0.14%	4,582,739	0.17%
3-6 months in arrears (greater than 3 month, includes 6 months)	44	0.15%	4,592,223	0.17%
6-12 months in arrears (greater than 6 months, includes 12 months)	8	0.03%	530,835	0.02%
12+ months in arrears (greater than 12 months)	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Current LTV (Non-Indexed)	Number	% of Total Number	Amount	% of Total Amount
0-50% - Non Indexed	15,484	52.57%	914,034,027	33.13%
50-55%	1,754	5.96%	188,913,515	6.85%
55-60%	1,912	6.49%	223,005,823	8.08%
60-65%	2,055	6.98%	261,634,919	9.48%
65-70%	2,277	7.73%	318,183,272	11.53%
70-75%	1,940	6.59%	291,178,192	10.55%
75-80%	1,541	5.23%	215,136,315	7.80%
80-85%	1,256	4.26%	174,144,552	6.31%
85-90%	766	2.60%	106,448,102	3.86%
90-95%	304	1.03%	40,450,193	1.47%
95-100%	124	0.42%	20,028,160	0.73%
100-105%	29	0.10%	4,259,357	0.15%
105-110%	6	0.02%	908,146	0.03%
110-125%	3	0.01%	373,006	0.01%
125%+	3	0.01%	427,154	0.02%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Current LTV (Indexed as Defined in OC)	Number	% of Total Number	Amount	% of Total Amount
0-50% - Indexed	17,092	58.03%	1,054,116,665	38.20%
50-55%	1,514	5.14%	188,880,121	6.85%
55-60%	1,675	5.69%	229,146,201	8.31%
60-65%	1,987	6.75%	288,931,050	10.47%
65-70%	1,954	6.63%	292,959,887	10.62%
70-75%	1,444	4.90%	204,204,541	7.40%
75-80%	1,228	4.17%	163,943,114	5.94%
80-85%	876	2.97%	118,864,006	4.31%
85-90%	602	2.04%	77,312,241	2.80%
90-95%	427	1.45%	54,360,593	1.97%
95-100%	329	1.12%	43,906,136	1.59%
100-105%	181	0.61%	22,585,807	0.82%
105-110%	90	0.31%	12,034,184	0.44%
110-125%	41	0.14%	5,930,185	0.21%
125%+	14	0.05%	1,950,002	0.07%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Current outstanding balance of loan	Number	% of total number	Amount (GBP)	% of total amount
0-5,000	899	3.05%	1,534,528	0.06%
5,000-10,000	628	2.13%	4,749,666	0.17%
10,000-25,000	2,657	9.02%	47,985,755	1.74%
25,000-50,000	5,300	17.99%	198,116,573	7.18%
50,000-75,000	4,946	16.79%	308,390,185	11.18%
75,000-100,000	4,394	14.92%	382,671,931	13.87%
100,000-150,000	5,750	19.52%	701,676,487	25.43%
150,000-200,000	2,576	8.75%	441,719,520	16.01%
200,000-250,000	1,075	3.65%	238,455,125	8.64%
250,000-300,000	513	1.74%	139,916,757	5.07%
300,000-350,000	283	0.96%	91,325,577	3.31%
350,000-400,000	158	0.54%	58,839,020	2.13%
400,000-450,000	91	0.31%	38,583,697	1.40%
450,000-500,000	55	0.19%	26,125,582	0.95%
500,000-600,000	69	0.23%	37,773,705	1.37%
600,000-700,000	43	0.15%	27,563,071	1.00%
700,000-800,000	9	0.03%	6,709,953	0.24%
800,000-900,000	6	0.02%	5,049,786	0.18%
900,000-1,000,000	2	0.01%	1,937,813	0.07%
1,000,000 +	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Regional Distribution	Number	% of Total Number	Amount	% of Total Amount
East Anglia	801	2.72%	80,639,257	2.92%
East Midlands	1,363	4.63%	134,589,890	4.88%
Greater London	1,928	6.55%	320,492,258	11.62%
Northern Ireland	112	0.38%	9,306,192	0.34%
North	1,857	6.30%	142,598,389	5.17%
North West	5,012	17.02%	406,864,025	14.75%
Scotland	3,510	11.92%	281,479,608	10.20%
South East	3,185	10.81%	426,075,828	15.44%
South West	1,346	4.57%	139,423,682	5.05%
Wales	1,331	4.52%	108,424,697	3.93%
West Midlands	1,508	5.12%	149,716,309	5.43%
Yorkshire and Humberside	7,501	25.47%	559,514,598	20.28%
Other	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Repayment type	Number	% of total number	Amount (GBP)	% of total amount
Capital repayment	15,843	53.79%	1,403,110,471	50.85%
Part-and-part	0	0.00%	0	0.00%
Interest-only	2,879	9.77%	346,011,578	12.54%
Offset	10,732	36.44%	1,010,002,685	36.61%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Seasoning	Number	% of total number	Amount (GBP)	% of total amount
0-12 months	0	0.00%	0	0.00%
12-24 months	798	2.71%	134,615,096	4.88%
24-36 months	1,421	4.82%	223,360,024	8.10%
36-48 months	2,369	8.04%	348,641,309	12.64%
48-60 months	1,196	4.06%	141,160,649	5.12%
60-72 months	1,876	6.37%	222,417,480	8.06%
72-84 months	3,814	12.95%	420,400,624	15.24%
84-96 months	4,322	14.67%	391,963,521	14.21%
96-108 months	3,159	10.73%	261,895,330	9.49%
108-120 months	2,514	8.54%	168,531,797	6.11%
120-150 months	6,995	23.75%	393,291,695	14.25%
150-180 months	990	3.36%	52,847,208	1.92%
180+ months	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Interest payment type	Number	% of total number	Amount (GBP)	% of total amount
Fixed	15,806	53.66%	1,606,101,434	58.21%
SVR	5,845	19.84%	427,673,866	15.50%
Tracker	7,803	26.49%	725,349,434	26.29%
Other (please specify)	0	0.00%	0.00	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Loan purpose type	Number	% of total number	Amount (GBP)	% of total amount
Owner-occupied	29,454	100.00%	2,759,124,733	100.00%
Buy-to-let	0	0.00%	0	0.00%
Second home	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Income verification type	Number	% of total number	Amount (GBP)	% of total amount
Fully verified	29,454	100.00%	2,759,124,733	100.00%
Fast-track	0	0.00%	0	0.00%
Self-certified	0	0.00%	0	0.00%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Remaining term of loan	Number	% of total number	Amount (GBP)	% of total amount
0-30 months	1,163	3.95%	35,498,203	1.29%
30-60 months	1,791	6.08%	72,397,063	2.62%
60-120 months	4,928	16.73%	289,613,203	10.50%
120-180 months	7,938	26.95%	630,488,467	22.85%
180-240 months	8,130	27.60%	935,243,585	33.90%
240-300 months	3,924	13.32%	566,946,340	20.55%
300-360 months	1,208	4.10%	171,409,596	6.21%
360+ months	372	1.26%	57,528,276	2.09%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

Employment status	Number	% of total number	Amount (GBP)	% of total amount
Employed	18,153	61.63%	2,019,793,188	73.20%
Self-employed	931	3.16%	125,360,128	4.54%
Unemployed	60	0.20%	3,958,875	0.14%
Retired	447	1.52%	23,171,709	0.84%
Guarantor	0	0.00%	0	0.00%
Other	9,863	33.49%	586,840,833	21.27%
Total	**29,454**	**100.00%**	**£ 2,759,124,733**	**100.00%**

<u>Covered Bonds Outstanding, Associated Derivatives</u> (please disclose for all bonds outstanding)

Series	5	7	8
Issue date	22/09/10	12/04/11	23/03/12
Original rating (Moody's/S&P/Fitch/DBRS)	Aa1/AAA	Aa1/AAA	Aa2/AAA
Current rating (Moody's/S&P/Fitch/DBRS)	Aa2/AA+	Aa2/AA+	Aa2/AA+
Denomination	EUR	GBP	GBP
Amount at issuance	600,000,000	750,000,000	500,000,000
Amount outstanding	600,000,000	750,000,000	500,000,000
FX swap rate (rate:£1)	1.195	n/a	n/a
Maturity type (hard/soft-bullet/pass-through)	soft-bullet	soft-bullet	soft-bullet
Scheduled final maturity date	22/09/15	12/04/18	23/03/16
Legal final maturity date	22/09/16	12/04/19	23/03/17
ISIN	XS0543208689	XS0616210752	XS0762446853
Stock exchange listing	London	London	London
Coupon payment frequency	Annual	Annual	Quarterly
Coupon payment date	22nd	12th	23rd
Coupon (rate if fixed, margin and reference rate if floating)	3.250%	4.750%	1.75% / 3m Libor
Margin payable under extended maturity period (%)	1.350%	1.275%	1.75% / 1m Libor
Swap counterparty/ies	HSBC Bank Plc	HSBC Bank Plc	n/a
Swap notional denomination	EUR	GBP	n/a
Swap notional amount	600,000,000	750,000,000	n/a
Swap notional maturity	22/09/16	12/04/18	n/a
LLP receive rate/margin	1.683% / 3m Libor	1.495% / 3m Libor	n/a
LLP pay rate/margin	3.250%	4.750%	n/a
Collateral posting amount	0	0	n/a

<u>Programme triggers</u>

Event (please list all triggers)	Summary of Event	Trigger (S&P, Moody's, Fitch, DBRS; short-term, long-term)	Trigger breached (yes/no)	Consequence of a trigger breach
YBS / Issuer	YBS failure to pay on Covered Bonds	YBS failure to pay on Covered Bonds or YBS insolvency	No	Triggers a Notice to Pay on the LLP
YBS / Seller	Details of the Borrowers with Loans to be delivered to the LLP, the Security Trustee (upon request) and the Rating Agencies.	Long term Baa3 (moody's), Fitch BBB-	No	Details of the Borrowers with Loans to be delivered to the LLP, the Security Trustee (upon request) and the Rating Agencies.
Account Bank	Account Bank short ratings fall below trigger	P1 (Moody's), A1 (Fitch)	Yes	Standby Account bank invoked
Stand-by Account Bank	Standby Account Bank short ratings fall below trigger	P1 (Moody's), A1 (Fitch)	No	Move to higher rated bank/guarantee required
Servicer	Servicer rating fall below trigger	Initial below Baa1 (Moody's), BBB+ (Fitch)	Yes	Back up Servicer appointed
Servicer	Servicer rating fall below trigger	Subsequent below Baa3 (Moody's), BBB- (Fitch)	No	Transfer servicing to Back up Servicer
Cash Manager	Cash Manager ratings fall below trigger	Initial below Baa1 (Moody's), BBB+ (Fitch)	Yes	Back up Cash Manager appointed
Cash Manager	Cash Manager ratings fall below trigger	Subsequent below Baa3 (Moody's), BBB- (Fitch)	No	Transfer cash management to Back up Cash manager
Cash Manager	Cash Manager ratings fall below trigger	Initial below Baa1 (Moody's)	Yes	Pre-funding of amount due in respect of the bonds/to the relevant covered bond swap provider. Pre-funding ledger in place
Interest Rate Swap Provider	Interest Rate Swap provider ratings fall below Trigger	Short term below P2 (Moody's), A2 (Fitch)	No	Within 30 Business Days, i) transfer all rights under the Agreement to a third party, ii) procure a co-obligor and either take such action as agreed with Moody's or post collateral
LLP Event of Default (post YBS Event of Default)	LLP failure to pay on Covered Bonds Amortisation Test failure Interest Coverage Test failure	LLP failure to pay on Covered Bonds, breach of Amortisation or Interest Coverage Test.	No	Bonds becoming immediately due and payable.