

**HBOS Social Housing Covered Bonds LLP**  
**Quarterly Investor Report - 15 June 2018**

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20/06/2018

**HBOS SOCIAL HOUSING COVERED BONDS LLP  
QUARTERLY REPORT - QUARTER 2 2018**

**Date of Report** 15-Jun-2018

**Current Counterparties**

Group Guarantors	HBOS plc
Servicer	Bank of Scotland plc
Cash Manager	Bank of Scotland plc
Covered Bond Swap Provider	Bank of Scotland plc
Interest Rate Swap Provider	Bank of Scotland plc
Account Bank Provider	Bank of Scotland plc

**GIC Sub Accounts**

Revenue GIC Sub-Account	13,763,504
Principal GIC Sub-Account	271,143,244
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>284,906,748</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	83
<b>Transaction Account Total</b>	<b>83</b>

**Investments**

Substitution Assets Balance	0
Authorised Investments Balance	0
<b>Total</b>	<b>0</b>

**Capital Contribution Balance**

Capital Account - Bank of Scotland	681,714,743
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>681,714,743</b>

**Credit Ratings**

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	Aa3	A+

HBOS Event of Default?

LLP Event of Default?

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 2 2018**

**Asset Coverage Test \***

\* The full definition of the Asset Coverage Test is documented within the Offering Circular

A = Net Current Balance of Loans in the Portfolio x Asset Percentage	1,200,230,556
B = Unapplied Principal Receipts	198,872,111
C = Unapplied Cash Capital Contributions	72,271,133
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	20,892,636

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**Total: A+B+C+D+E-X** **1,450,481,163**

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Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	PASS
Asset Percentage	74.13%
Maximum Level of Issuance	89.59%
Current Level of Issuance	74.12%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	1,619,088,838
Number of Loan Agreements in the Portfolio	42
Average Loan Balance	38,549,734

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	130,695,443	8.1%	3	11
East Midlands	275,739,965	17.0%	6	32
London	204,181,833	12.6%	6	32
North East	0	0.0%	0	0
North West	184,624,305	11.4%	7	39
South East	429,655,777	26.5%	4	35
South West	170,957,677	10.6%	8	29
Wales	95,229,987	5.9%	4	37
West Midlands	126,384,238	7.8%	3	25
Yorkshire & The Humber	1,619,613	0.1%	1	1
<b>Totals</b>	<b>1,619,088,838</b>	<b>100.0%</b>	<b>42</b>	<b>241</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	2	383,133,792
25 bps - <30 bps	10	463,698,803
30 bps - <40 bps	3	66,165,187
40 bps - <50 bps	6	153,817,006
50 bps - <60 bps	0	0
60 bps - <80 bps	2	67,394,059
80 bps - <100 bps	5	179,978,852
100 bps - <120 bps	2	54,553,140
120 bps - <140 bps	2	56,297,845
140 bps +	10	194,050,155
<b>Total</b>	<b>42</b>	<b>1,619,088,838</b>
<b>Weighted average (bps)</b>		<b>62.03</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	13	230,891,363
500 units - <1,000 units	8	320,221,364
1,000 units - <2,000 units	5	170,828,464
2,000 units - <3,000 units	5	137,490,123
3,000 units - <4,000 units	4	157,653,059
4,000 units - <5,000 units	1	94,377,526
5,000 units - <10,000 units	4	469,291,442
10,000 units - <15,000 units	2	38,335,497
15,000 units - <20,000 units	0	0
20,000 units +	0	0
<b>Total</b>	<b>42</b>	<b>1,619,088,838</b>
<b>Weighted average (units)</b>		<b>3,396</b>

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 2 2018**

**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	11	210,060,487
5 years - <10 years	7	299,575,231
10 years - <15 years	5	444,163,345
15 years - <20 years	12	357,441,165
20 years - <25 years	7	307,848,609
25 years - <30 years	0	0
30 years +	0	0
<b>Total</b>	<b>42</b>	<b>1,619,088,838</b>
<b>Weighted average (years)</b>		<b>13.9</b>

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	0	0
2010 - 2012	6	264,048,556
2012 - 2014	9	257,051,954
2014 - 2016	18	787,162,918
<b>Total</b>	<b>42</b>	<b>1,619,088,838</b>
<b>Weighted average (date)</b>		<b>Apr-2015</b>

Rank	Balance	Percentage
1	288,756,266	17.83%
2	94,718,809	5.85%
3	94,377,526	5.83%
4	87,613,167	5.41%
5	80,030,718	4.94%
6	75,526,803	4.66%
7	73,295,425	4.53%
8	70,124,891	4.33%
9	69,193,558	4.27%
10	60,235,651	3.72%

**Asset Cover Analysis at Calculation Date**

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	2
105% - <110%	4	0	4
110% - <115%	1	1	8
115% - <120%	3	1	5
120% - <125%	0	1	6
125% - <130%	0	4	1
130% - <135%	0	1	0
135% - <140%	0	0	0
140% +	0	0	0
<b>Total</b>	<b>8</b>	<b>8</b>	<b>26</b>
			<b>42</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	1	2
105% - <110%	0	0	1
110% - <115%	0	0	4
115% - <120%	0	0	1
120% - <125%	0	0	1
125% - <130%	1	0	1
130% - <135%	1	0	0
135% - <140%	0	0	0
140% +	6	7	16
<b>Total</b>	<b>8</b>	<b>8</b>	<b>26</b>
			<b>42</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	56,259,347	144,720,361
105% - <110%	0	0	11,058,653
110% - <115%	0	0	150,155,609
115% - <120%	0	0	49,991,291
120% - <125%	0	0	288,756,266
125% - <130%	21,318,234	0	25,499,586
130% - <135%	43,776,904	0	0
135% - <140%	0	0	0
140% +	238,095,617	50,785,412	538,671,558
<b>Total</b>	<b>303,190,755</b>	<b>107,044,759</b>	<b>1,208,853,324</b>
			<b>1,619,088,838</b>

Basis I = Existing Usage Valuation (EUV), which provides a valuation of the housing stock based on current occupancy levels.  
 Basis II LSVT = Market Valuation subject to Tenancies (MVT), which provides a valuation of the housing stock based on full occupancy levels.  
 Basis II - Mixed-funded = Housing stock is valued on Basis I and Basis II - LSVT, as above.