

HBOS Social Housing Covered Bonds LLP
Quarterly Investor Report - 14 September 2018

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20/09/2018

HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 3 2018

Date of Report 14-Sep-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	12,035,064
Principal GIC Sub-Account	152,375,664
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	164,410,728

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	84
Transaction Account Total	84

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	558,710,755
Capital Account - Addison Social Housing LLP	0
Total	558,710,755

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?

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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	1,198,668,566
B = Unapplied Principal Receipts	42,175,664
C = Unapplied Cash Capital Contributions	110,200,000
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	19,992,291

Total: A+B+C+D+E-X **1,331,051,939**

Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	PASS
Asset Percentage	74.13%
Maximum Level of Issuance	82.32%
Current Level of Issuance	74.21%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	1,616,981,743
Number of Loan Agreements in the Portfolio	41
Average Loan Balance	39,438,579

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	133,582,941	8.3%	3	13
East Midlands	274,412,448	17.0%	5	33
London	234,756,833	14.5%	7	28
North East	0	0.0%	0	0
North West	180,529,799	11.2%	7	38
South East	417,981,914	25.8%	4	33
South West	149,865,631	9.3%	7	29
Wales	97,824,322	6.0%	4	38
West Midlands	126,408,240	7.8%	3	25
Yorkshire & The Humber	1,619,613	0.1%	1	1
Totals	1,616,981,743	100.0%	41	238

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	1	288,910,141
25 bps - <30 bps	9	441,373,048
30 bps - <40 bps	4	216,818,272
40 bps - <50 bps	4	109,836,172
50 bps - <60 bps	0	0
60 bps - <80 bps	2	41,643,919
80 bps - <100 bps	7	219,546,788
100 bps - <120 bps	3	94,268,326
120 bps - <140 bps	1	12,521,828
140 bps +	10	192,063,248
Total	41	1,616,981,743
Weighted average (bps)		63.23

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	11	156,170,297
500 units - <1,000 units	8	318,924,615
1,000 units - <2,000 units	6	221,765,464
2,000 units - <3,000 units	5	112,972,355
3,000 units - <4,000 units	4	157,647,167
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	5	611,666,602
10,000 units - <15,000 units	2	37,835,242
15,000 units - <20,000 units	0	0
20,000 units +	0	0
Total	41	1,616,981,743
Weighted average (units)		3,627

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	13	406,562,901
5 years - <10 years	4	95,472,182
10 years - <15 years	5	440,289,336
15 years - <20 years	12	364,580,418
20 years - <25 years	7	310,076,906
Total	41	1,616,981,743
Weighted average (years)		13.4

Last Valuation	No. Facilities	Balance
2010 - 2012	5	192,203,605
2012 - 2014	8	186,430,438
2014 - 2016	17	879,725,221
2016 - present	11	358,622,480
Total	41	1,616,981,743
Weighted average (date)		Aug-2015

Rank	Balance	Percentage
1	288,910,141	17.87%
2	150,657,458	9.32%
3	98,105,919	6.07%
4	87,599,098	5.42%
5	80,045,632	4.95%
6	74,776,531	4.62%
7	70,142,788	4.34%
8	69,251,519	4.28%
9	61,471,256	3.80%
10	61,138,286	3.78%

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	3
105% - <110%	4	0	3
110% - <115%	1	0	6
115% - <120%	2	3	5
120% - <125%	0	1	7
125% - <130%	0	4	1
130% - <135%	0	1	0
135% - <140%	0	0	0
140% +	0	0	0
Total	7	9	25
			41

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	0
105% - <110%	0	0	2
110% - <115%	0	0	2
115% - <120%	0	0	1
120% - <125%	0	0	1
125% - <130%	1	0	1
130% - <135%	0	0	1
135% - <140%	0	0	0
140% +	6	9	17
Total	7	9	25
			41

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	0
105% - <110%	0	0	85,857,288
110% - <115%	0	0	70,142,788
115% - <120%	0	0	49,586,885
120% - <125%	0	0	288,910,141
125% - <130%	21,316,124	0	28,499,734
130% - <135%	0	0	69,251,519
135% - <140%	0	0	0
140% +	244,854,783	130,828,332	627,734,149
Total	266,170,907	130,828,332	1,219,982,504
			1,616,981,743

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.