

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

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20/12/2018

HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 4 2018

Date of Report 14-Dec-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	13,015,625
Principal GIC Sub-Account	312,302,765
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	325,318,390

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	85
Transaction Account Total	85

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	958,653,690
Capital Account - Addison Social Housing LLP	0
Total	958,653,690

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	1,362,286,060
B = Unapplied Principal Receipts	159,927,101
C = Unapplied Cash Capital Contributions	152,375,664
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	19,091,945

Total: A+B+C+D+E-X **1,655,496,880**

Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	PASS
Asset Percentage	74.13%
Maximum Level of Issuance	90.09%
Current Level of Issuance	65.30%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	1,837,698,719
Number of Loan Agreements in the Portfolio	45
Average Loan Balance	40,837,749

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	121,076,665	6.6%	3	7
East Midlands	274,757,862	15.0%	5	35
London	411,498,678	22.4%	5	23
North East	0	0.0%	0	0
North West	189,855,115	10.3%	8	39
South East	434,063,817	23.6%	7	34
South West	166,029,113	9.0%	8	30
Wales	111,389,238	6.1%	5	45
West Midlands	127,408,619	6.9%	3	26
Yorkshire & The Humber	1,619,613	0.1%	1	1
Totals	1,837,698,719	100.0%	45	240

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	1	277,278,737
25 bps - <30 bps	9	469,460,226
30 bps - <40 bps	3	164,351,767
40 bps - <50 bps	5	159,565,068
50 bps - <60 bps	0	0
60 bps - <80 bps	3	88,978,374
80 bps - <100 bps	8	291,456,908
100 bps - <120 bps	4	172,467,318
120 bps - <140 bps	1	12,521,697
140 bps +	11	201,618,624
Total	45	1,837,698,719
Weighted average (bps)		68.05

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	12	168,053,816
500 units - <1,000 units	9	343,761,583
1,000 units - <2,000 units	6	310,948,941
2,000 units - <3,000 units	7	138,004,562
3,000 units - <4,000 units	4	409,203,822
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	5	429,892,359
10,000 units - <15,000 units	2	37,833,636
15,000 units - <20,000 units	0	0
20,000 units +	0	0
Total	45	1,837,698,719
Weighted average (units)		3,329

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	19	728,759,201
5 years - <10 years	4	43,669,140
10 years - <15 years	4	356,361,485
15 years - <20 years	12	432,667,143
20 years - <25 years	6	276,241,751
Total	45	1,837,698,719
Weighted average (years)		11.7

Last Valuation	No. Facilities	Balance
2010 - 2012	4	183,953,188
2012 - 2014	9	212,697,420
2014 - 2016	15	498,181,852
2016 - present	17	942,866,259
Total	45	1,837,698,719
Weighted average (date)		May-2016

Rank	Balance	Percentage
1	394,979,882	21.49%
2	150,510,005	8.19%
3	128,301,162	6.98%
4	128,301,162	6.98%
5	101,195,991	5.51%
6	87,602,413	4.77%
7	85,599,963	4.66%
8	80,064,702	4.36%
9	74,770,918	4.07%
10	71,147,381	3.87%

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%	5	0	3
110% - <115%	1	0	8
115% - <120%	2	2	9
120% - <125%	0	1	5
125% - <130%	0	4	1
130% - <135%	0	1	0
135% - <140%	0	0	0
140% +	0	0	0
Total	8	8	29
			45

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	1
105% - <110%	0	0	2
110% - <115%	0	0	3
115% - <120%	0	0	3
120% - <125%	0	0	0
125% - <130%	1	0	0
130% - <135%	0	0	0
135% - <140%	0	0	0
140% +	7	8	20
Total	8	8	29
			45

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	74,770,918
105% - <110%	0	0	41,086,794
110% - <115%	0	0	156,747,344
115% - <120%	0	0	444,563,706
120% - <125%	0	0	0
125% - <130%	21,317,146	0	0
130% - <135%	0	0	0
135% - <140%	0	0	0
140% +	290,835,382	128,160,319	680,217,110
Total	312,152,528	128,160,319	1,397,385,872
			1,837,698,719

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.