

**HBOS Social Housing Covered Bonds LLP**  
**Quarterly Investor Report - 15 March 2019**

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20/03/2019

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

**Date of Report** 15-Mar-2019

**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	13,276,572
Principal GIC Sub-Account	109,754,889
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>123,031,462</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	86
<b>Transaction Account Total</b>	<b>86</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	683,539,964
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>683,539,964</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?

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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	1,245,797,289
B = Unapplied Principal Receipts	109,754,889
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	18,191,599

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**Total: A+B+C+D+E-X** **1,337,360,579**

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Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	<b>PASS</b>
Asset Percentage	70.94%
Maximum Level of Issuance	76.15%
Current Level of Issuance	68.33%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	1,756,128,122
Number of Loan Agreements in the Portfolio	45
Average Loan Balance	39,025,069

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	122,239,655	7.0%	3	9
East Midlands	271,327,821	15.5%	5	33
London	360,146,123	20.5%	5	20
North East	0	0.0%	0	0
North West	182,537,252	10.4%	8	37
South East	434,200,118	24.7%	7	34
South West	182,741,728	10.4%	8	33
Wales	73,901,170	4.2%	6	25
West Midlands	127,414,642	7.3%	2	26
Yorkshire & The Humber	1,619,613	0.1%	1	1
<b>Totals</b>	<b>1,756,128,122</b>	<b>100.0%</b>	<b>45</b>	<b>218</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	1	277,399,423
25 bps - <30 bps	9	465,407,685
30 bps - <40 bps	3	164,202,490
40 bps - <50 bps	4	74,380,686
50 bps - <60 bps	1	101,213,285
60 bps - <80 bps	4	124,059,856
80 bps - <100 bps	7	215,088,872
100 bps - <120 bps	4	120,819,229
120 bps - <140 bps	1	12,519,840
140 bps +	11	201,036,755
<b>Total</b>	<b>45</b>	<b>1,756,128,122</b>
<b>Weighted average (bps)</b>		<b>66.24</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	12	129,498,384
500 units - <1,000 units	9	341,419,461
1,000 units - <2,000 units	6	252,987,713
2,000 units - <3,000 units	7	154,014,292
3,000 units - <4,000 units	3	131,885,022
4,000 units - <5,000 units	1	277,399,423
5,000 units - <10,000 units	5	431,093,760
10,000 units - <15,000 units	2	37,830,068
15,000 units - <20,000 units	0	0
20,000 units +	0	0
<b>Total</b>	<b>45</b>	<b>1,756,128,122</b>
<b>Weighted average (units)</b>		<b>3,451</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	19	650,807,112
5 years - <10 years	4	59,682,613
10 years - <15 years	4	349,740,339
15 years - <20 years	13	441,425,260
20 years - <25 years	5	254,472,797
<b>Total</b>	<b>45</b>	<b>1,756,128,122</b>
<b>Weighted average (years)</b>		<b>11.6</b>

Last Valuation	No. Facilities	Balance
2010 - 2012	3	133,979,573
2012 - 2014	6	189,716,073
2014 - 2016	12	273,914,442
2016 - present	24	1,158,518,033
<b>Total</b>	<b>45</b>	<b>1,756,128,122</b>
<b>Weighted average (date)</b>		<b>Dec-2016</b>

Rank	Balance	Percentage
1	388,991,093	22.15%
2	150,529,931	8.57%
3	101,213,285	5.76%
4	87,565,928	4.99%
5	86,762,496	4.94%
6	83,227,366	4.74%
7	83,227,366	4.74%
8	80,068,208	4.56%
9	74,766,080	4.26%
10	71,150,963	4.05%

**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
<b>Total</b>	<b>8</b>	<b>8</b>	<b>29</b>
			<b>45</b>

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	1
115% - <120%	0	0	4
120% - <125%	0	0	0
125% - <130%	1	0	0
130% - <135%	0	0	0
135% - <140%	0	0	0
140% +	7	8	21
<b>Total</b>	<b>8</b>	<b>8</b>	<b>29</b>
			<b>45</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	74,766,080
105% - <110%	0	0	18,096,493
110% - <115%	0	0	86,762,496
115% - <120%	0	0	460,142,056
120% - <125%	0	0	0
125% - <130%	21,112,908	0	0
130% - <135%	0	0	0
135% - <140%	0	0	0
140% +	300,248,965	127,090,914	667,908,209
<b>Total</b>	<b>321,361,874</b>	<b>127,090,914</b>	<b>1,307,675,334</b>
			<b>1,756,128,122</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.