

HBOS Social Housing Covered Bonds LLP
Quarterly Investor Report - 13 March 2020

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18/03/2020

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Date of Report 13-Mar-2020

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 | 11,819,765 |
| Principal GIC Sub-Account | 190,874,179 |
| Reserve GIC Sub-Account | 0 |
| Liquidation GIC Sub-Account | 0 |
| GIC Account Total | 202,693,943 |

Transaction Accounts

| | |
|----------------------------------|-----------|
| Transaction Principal Account | 0 |
| Transaction Revenue Account | 90 |
| Transaction Account Total | 90 |

Investments

| | |
|--------------------------------|----------|
| Substitution Assets Balance | 0 |
| Authorised Investments Balance | 0 |
| Total | 0 |

Capital Contribution Balance

| | |
|--|--------------------|
| Capital Account - Bank of Scotland | 832,655,401 |
| Capital Account - Addison Social Housing LLP | 0 |
| Total | 832,655,401 |

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 | 1,260,543,158 |
| B = Unapplied Principal Receipts | 190,874,179 |
| C = Unapplied Cash Capital Contributions | 0 |
| D = Substitution Assets | 0 |
| E = Sale Proceeds | 0 |
| X = Outstanding Weighted Average Margin | 13,759,520 |

Total: A+B+C+D+E-X **1,437,657,817**

| | |
|------------------------------|-------------|
| Principal Amount Outstanding | 600,000,000 |
| Asset Coverage Test | PASS |
| Asset Percentage | 89.72% |
| Maximum Level of Issuance | 102.33% |
| Current Level of Issuance | 42.71% |

Portfolio Characteristics

| | |
|--|---------------|
| Total of the aggregate Current Balance of Loans in the Portfolio | 1,404,974,541 |
| Number of Loan Agreements in the Portfolio | 38 |
| Average Loan Balance | 36,973,014 |

| Region | Aggregate Current Balance | % of Total | Number of Loan Agreements | Number of Loan Accounts |
|------------------------|---------------------------|---------------|---------------------------|-------------------------|
| East | 127,594,646 | 9.1% | 3 | 8 |
| East Midlands | 212,781,987 | 15.1% | 4 | 25 |
| London | 215,163,224 | 15.3% | 5 | 14 |
| North East | 0 | 0.0% | 0 | 0 |
| North West | 176,721,856 | 12.6% | 6 | 30 |
| South East | 308,694,931 | 22.0% | 5 | 22 |
| South West | 159,876,574 | 11.4% | 6 | 36 |
| Wales | 75,021,673 | 5.3% | 5 | 24 |
| West Midlands | 127,500,341 | 9.1% | 3 | 18 |
| Yorkshire & The Humber | 1,619,309 | 0.1% | 1 | 1 |
| Totals | 1,404,974,541 | 100.0% | 38 | 178 |

Margin

| Weighted Average Margin | No. Facilities | Balance |
|-------------------------------|----------------|----------------------|
| 20 bps - <25 bps | 2 | 280,907,201 |
| 25 bps - <30 bps | 9 | 368,240,442 |
| 30 bps - <40 bps | 1 | 3,406,856 |
| 40 bps - <50 bps | 3 | 169,502,221 |
| 50 bps - <60 bps | 0 | 0 |
| 60 bps - <80 bps | 4 | 122,924,344 |
| 80 bps - <100 bps | 6 | 213,349,793 |
| 100 bps - <120 bps | 3 | 62,756,010 |
| 120 bps - <140 bps | 1 | 10,013,793 |
| 140 bps + | 9 | 173,873,881 |
| Total | 38 | 1,404,974,541 |
| Weighted average (bps) | | 65.85 |

Property Numbers

| Property Numbers | No. Facilities | Balance |
|---------------------------------|----------------|----------------------|
| 0 units - <500 units | 12 | 132,730,503 |
| 500 units - <1,000 units | 6 | 251,140,101 |
| 1,000 units - <2,000 units | 5 | 118,480,645 |
| 2,000 units - <3,000 units | 6 | 160,536,272 |
| 3,000 units - <4,000 units | 3 | 128,348,027 |
| 4,000 units - <5,000 units | 0 | 0 |
| 5,000 units - <10,000 units | 5 | 590,727,002 |
| 10,000 units - <15,000 units | 1 | 23,011,991 |
| 15,000 units - <20,000 units | 0 | 0 |
| 20,000 units + | 0 | 0 |
| Total | 38 | 1,404,974,541 |
| Weighted average (units) | | 3,656 |

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Portfolio Characteristics (cont)

| Remaining Maturity | No. Facilities | Balance |
|---------------------------------|----------------|----------------------|
| 0 years - <5 years | 16 | 460,533,874 |
| 5 years - <10 years | 4 | 80,824,448 |
| 10 years - <15 years | 5 | 327,903,424 |
| 15 years - <20 years | 7 | 263,111,823 |
| 20 years - <25 years | 6 | 272,600,972 |
| Total | 38 | 1,404,974,541 |
| Weighted average (years) | | 11.5 |

| Last Valuation | No. Facilities | Balance |
|--------------------------------|----------------|----------------------|
| 2010 - 2012 | 1 | 20,903,157 |
| 2012 - 2014 | 0 | 0 |
| 2014 - 2016 | 4 | 174,104,675 |
| 2016 - present | 33 | 1,209,966,709 |
| Total | 38 | 1,404,974,541 |
| Weighted average (date) | | Jan-2018 |

| Rank | Balance | Percentage |
|------|-------------|------------|
| 1 | 270,376,029 | 19.24% |
| 2 | 140,227,112 | 9.98% |
| 3 | 94,550,706 | 6.73% |
| 4 | 87,390,587 | 6.22% |
| 5 | 80,062,476 | 5.70% |
| 6 | 77,217,974 | 5.50% |
| 7 | 73,889,495 | 5.26% |
| 8 | 71,282,857 | 5.07% |
| 9 | 48,051,887 | 3.42% |
| 10 | 42,601,217 | 3.03% |

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 | 4 |
| 110% - <115% | 1 | 0 | 8 |
| 115% - <120% | 0 | 1 | 6 |
| 120% - <125% | 0 | 1 | 5 |
| 125% - <130% | 0 | 3 | 1 |
| 130% - <135% | 0 | 1 | 0 |
| 135% - <140% | 0 | 0 | 0 |
| 140% + | 0 | 0 | 0 |
| Total | 5 | 6 | 27 |
| | | | 38 |

| Asset Cover - Actual No. of Facilities | Basis I | Basis II - LSVT | Basis II - Mixed- funded |
|---|----------|-----------------|-----------------------------|
| 100% - <105% | 0 | 0 | 1 |
| 105% - <110% | 0 | 1 | 1 |
| 110% - <115% | 0 | 0 | 3 |
| 115% - <120% | 0 | 0 | 0 |
| 120% - <125% | 0 | 0 | 0 |
| 125% - <130% | 1 | 0 | 0 |
| 130% - <135% | 0 | 0 | 0 |
| 135% - <140% | 0 | 0 | 0 |
| 140% + | 4 | 5 | 22 |
| Total | 5 | 6 | 27 |
| | | | 38 |

| Drawn Balance by Actual Asset Cover | Basis I | Basis II - LSVT | Basis II - Mixed- funded |
|--|--------------------|-------------------|-----------------------------|
| 100% - <105% | 0 | 0 | 94,550,706 |
| 105% - <110% | 0 | 3,406,856 | 11,066,756 |
| 110% - <115% | 0 | 0 | 145,172,352 |
| 115% - <120% | 0 | 0 | 0 |
| 120% - <125% | 0 | 0 | 0 |
| 125% - <130% | 20,903,157 | 0 | 0 |
| 130% - <135% | 0 | 0 | 0 |
| 135% - <140% | 0 | 0 | 0 |
| 140% + | 170,949,244 | 36,327,878 | 922,597,592 |
| Total | 191,852,401 | 39,734,734 | 1,173,387,406 |
| | | | 1,404,974,541 |

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.