

# Investor Monthly Report June 2010 : Lloyds TSB Covered Bonds LLP

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## Reporting Information

|   |                       |
|---|-----------------------|
| Reporting Date:                               | 15 July 2010          |
| Reporting Period:                             | 1 June - 30 June 2010 |
| Next Interest Payment Date: Monthly pay notes | 8 July 2010           |
| Last Interest Payment Date: Monthly pay notes | 8 June 2010           |

## Correspondence Details

|              |                         |                |  |                 |
|--------------|-------------------------|----------------|--|-----------------|
| Steve Vance  | Cheltenham & Gloucester | Senior Manager | <a href="mailto:Steve.Vance@Lloydstsb.co.uk">Steve.Vance@Lloydstsb.co.uk</a>   | +44 145 2373701 |
| Gary Staines | Lloyds TSB Bank plc     | Director       | <a href="mailto:Gary.Staines@Lloydstsb.co.uk">Gary.Staines@Lloydstsb.co.uk</a> | +44 207 1581932 |

## Parties

| Key Parties to the Transaction        | Name                                   |
|---------------------------------------|--|
| Issuer                                | Lloyds TSB Bank plc                    |
| Guarantor                             | Lloyds TSB Covered Bonds LLP           |
| Seller                                | Lloyds TSB Bank plc                    |
| Principal Paying Agent and Agent Bank | The Bank of New York Mellon            |
| Bonds Trustee/Security Trustee        | BNY Corporate Trustee Services Limited |
| Asset Monitor                         | PricewaterhouseCoopers LLP             |
| Servicer                              | Cheltenham and Gloucester plc          |
| Cash Manager                          | Cheltenham and Gloucester plc          |
| Covered Bonds Swap Provider           | Lloyds TSB Bank plc                    |
| Interest Rate Swap Provider           | Lloyds TSB Bank plc                    |
| Account Bank/GIC provider             | Lloyds TSB Bank plc                    |
| Arranger                              | Lloyds TSB Bank plc                    |
| Dealer                                | Lloyds TSB Bank plc                    |

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This report and its notes are a summary of certain features of the notes and their structure.

No liability is accepted as to the accuracy or completeness of the data. Please refer to the issue documentation for notes and structure for further information.

This report is for information purposes only and is not intended as an offer or invitation with respect to the purchase or sale of security. Reliance should not be placed on the information herein when making any decision whether to buy, hold or sell notes (or other securities) or for any other purpose.

## Asset coverage test

|   |                        |
|---|------------------------|
| A= (Adjusted loan balance)  | £9,073,329,562         |
| B= (Principal collections not applied)  | £1,760,439,665         |
| C=(Cash Capital Contributions held on Capital Ledger)                                     | £0                     |
| D=(Substitution Assets)   | £0                     |
| E=(Sales proceeds or Capital Contributions credited to the Pre-Maturity Liquidity Ledger) | £0                     |
| X=(For set-off risk*)   | £0                     |
| Y=(For redraw capacity)   | £0                     |
| Z=(potential negative carry held on funds held in GIC from sale of assets)                | £214,561,781           |
| <b>Total A+B+C+D+E-(X+Y+Z)</b>  | <b>£10,619,207,446</b> |
| Method used for calculating "A"   | A(b)                   |
| Asset percentage**  | 79.9%                  |
| Covered bonds (GBP)   | £8,446,750,000         |
| Over collateralisation  | £2,172,457,446         |

\*This rises to 5% of the aggregated current balance of loans in the portfolio on the relevant calculation date if the Seller's ratings fall below long term Moody's A2 or Fitch A-

\*\*This asset percentage is the required level for a AAA rating from each Rating Agency, including a AAA rating on a Probability of Default (PD) only basis from Fitch. A rating of AAA from each Rating Agency would also be achieved using a lower level of over-collateralisation (a higher asset percentage of 85.1).

## Mortgage LLP Assets

|                                       |                 |
|---------------------------------------|-----------------|
| Number of Accounts in Pool            | 112,590         |
| Current Balance - LLP Mortgage Assets | £11,409,981,681 |

## Arrears Analysis of Mortgage Accounts

| Month(s) In Arrears | Number of Accounts | By Number (%) | Principal (£)      | By Principal (%) | Arrears (£)      |
|---------------------|--------------------|---------------|--------------------|------------------|------------------|
| >1 <2               | 1,039              | 0.92          | 103,067,286        | 0.90             | 714,257          |
| >2 <3               | 387                | 0.34          | 35,973,927         | 0.32             | 518,188          |
| >3 <6               | 503                | 0.45          | 52,902,777         | 0.46             | 1,242,589        |
| >6 <9               | 238                | 0.21          | 22,343,620         | 0.20             | 905,948          |
| >9 <12              | 147                | 0.13          | 16,196,326         | 0.14             | 856,579          |
| 12+                 | 216                | 0.19          | 23,159,147         | 0.20             | 1,513,215        |
| <b>Total</b>        | <b>2,530</b>       | <b>2.24</b>   | <b>253,643,083</b> | <b>2.22</b>      | <b>5,750,776</b> |

This includes details of the current portfolio and excludes any arrears cases repurchased by the Seller prior to the end of the reporting period. There is no obligation on the Seller to repurchase other than is required by the transaction documents.

Arrears are calculated in accordance with standard market practice in the UK. A mortgage is identified as being in arrears when, on any due date, the overdue amounts which were due on previous due dates equal, in the aggregate, one or more full monthly payments.

In making an arrears determination, the administrator calculates as of the date of determination the difference between the sum of all monthly payments that were due and payable by a borrower on any due date up to that date of determination (less the aggregate amount of all authorised underpayments made by such borrower up to such date of determination) and the sum of all payments actually made by that borrower up to that date of determination. If the result arrived at by dividing that difference (if any) by the amount of the required monthly payment equals or exceeds 1 the loan is deemed to be in arrears. Arrears classification is determined based on the number of full monthly payments that have been missed. A borrower that has missed payments that in the aggregate equal or exceeding 2 monthly payments (but for which the aggregate of missed payments is less than 3 monthly payments) would be classified as being between 2 - 3 months in arrears, and so on.

## Cash ledgers

|   |                      |
|---|----------------------|
| Revenue ledger                                      | 70,268,839           |
| Principal ledger                                    | 1,760,439,665        |
| Reserve ledger                                      | -                    |
| Pre-maturity liquidity ledger                       | 0                    |
| Capital account ledger - cash capital contributions | 0                    |
| <b>Total</b>  | <b>1,830,708,504</b> |

|  |                      |
|--|----------------------|
| GIC account                                | 1,830,708,504        |
| Transaction account                        | -                    |
| Authorised investments/substitution assets | 0                    |
| <b>Total</b>                               | <b>1,830,708,504</b> |

Note: The cash ledgers reflect current month cash positions adjusted for the waterfall payments and receipts

## Credit ratings\*

|                     | Moody's | Fitch |
|---------------------|---------|-------|
| Issuer - short term | P-1     | F1+   |
| Issuer - long term  | Aa3     | AA-   |

|                         |    |
|-------------------------|----|
| Issuer event of default | No |
| LLP Event of default    | No |

\*Ratings applicable at waterfall date

### Loan Analysis

|   |          |
|---|----------|
| Weighted Average Seasoning (by value) Months      | 40.92    |
| Weighted Average Remaining Term (by value) Years  | 15.33    |
| Average Mortgage Size                             | £101,341 |
| Weighted Average Original LTV (by value)          | 58.29%   |
| Weighted Average Current Indexed LTV (by value) * | 56.91%   |

\* Indexation is applied on a regional basis to property valuations on a quarterly basis in January, April, July and October of each year.

### Product Breakdown

|   | Value                    | % of Total of value |
|---|--------------------------|---------------------|
| Fixed Rate (by balance)                   | 3,521,686,231            | 30.86%              |
| Standard Variable Rate based (by balance) | 4,155,707,552            | 36.43%              |
| Tracker (by balance)                      | 3,732,587,898            | 32.71%              |
| <b>Total</b>                              | <b>11,409,981,681.18</b> | <b>100.00%</b>      |

### Geographic Analysis

|                        | Number of Accounts | % of Total of Accounts | Value (£)             | % of Total of value |
|------------------------|--------------------|------------------------|-----------------------|---------------------|
| East Anglia            | 5,086              | 4.52%                  | 474,813,781           | 4.16%               |
| East Midlands          | 7,284              | 6.47%                  | 600,914,456           | 5.27%               |
| Greater London         | 11,638             | 10.34%                 | 1,814,735,441         | 15.90%              |
| Northern               | 6,060              | 5.38%                  | 454,222,054           | 3.98%               |
| North West             | 11,901             | 10.57%                 | 984,989,578           | 8.63%               |
| Scotland               | 3,369              | 2.99%                  | 315,552,121           | 2.77%               |
| South East             | 23,152             | 20.57%                 | 2,798,787,963         | 24.54%              |
| South West             | 15,320             | 13.60%                 | 1,550,702,836         | 13.58%              |
| Wales                  | 6,399              | 5.68%                  | 511,625,915           | 4.48%               |
| West Midlands          | 13,763             | 12.23%                 | 1,208,034,884         | 10.59%              |
| Yorkshire & Humberside | 8,618              | 7.65%                  | 695,602,652           | 6.10%               |
| <b>Total</b>           | <b>112,590</b>     | <b>100.00%</b>         | <b>11,409,981,681</b> | <b>100.00%</b>      |

### Indexed\* Loan to Value Ratios

|               | Number of Accounts | Value (£)             | % of Total (by Value) |
|---------------|--------------------|-----------------------|-----------------------|
| 0% < 25%      | 18,331             | 746,885,710           | 6.55%                 |
| > 25% to 50%  | 36,405             | 3,101,020,238         | 27.16%                |
| > 50% to 55%  | 8,577              | 957,941,708           | 8.40%                 |
| > 55% to 60%  | 8,564              | 1,018,649,310         | 8.93%                 |
| > 60% to 65%  | 8,372              | 1,058,494,992         | 9.28%                 |
| > 65% to 70%  | 9,411              | 1,280,455,097         | 11.22%                |
| > 70% to 75%  | 8,834              | 1,206,713,796         | 10.58%                |
| > 75% to 80%  | 6,594              | 929,912,439           | 8.15%                 |
| > 80% to 85%  | 4,878              | 728,037,233           | 6.38%                 |
| > 85% to 90%  | 2,114              | 308,390,565           | 2.70%                 |
| > 90% to 95%  | 461                | 65,839,991            | 0.58%                 |
| > 95% to 100% | 42                 | 6,896,711             | 0.06%                 |
| >100%         | 7                  | 743,891               | 0.01%                 |
| <b>Total</b>  | <b>112,590</b>     | <b>11,409,981,681</b> | <b>100.00%</b>        |

\*Indexation is applied on a regional basis to property valuations on a quarterly basis in January, April, July and October of each year.

#### Repayment Terms

|               | Number of Loans (sub accounts) | Value (£)             | % of Total (by Value) |
|---------------|--------------------------------|-----------------------|-----------------------|
| Interest Only | 97,662                         | 4,986,369,450         | 43.70%                |
| Repayment     | 184,267                        | 6,423,612,231         | 56.30%                |
| <b>Total</b>  | <b>281,929</b>                 | <b>11,409,981,681</b> | <b>100.00%</b>        |

#### Standard Variable Rate

|                               |              |
|-------------------------------|--------------|
| C & G existing borrowers SVR  | 2.50%        |
| Effective Date of Last Change | 1 April 2009 |

## Bonds Outstanding

2008

| Series        | Rating<br>(Moody's/Fitch) | Currency | Tranche Size   | £ Equivalent   | Pool<br>Factor | Benchmark | Current<br>Rate Fixing | Margin | Current<br>all-in rate | Scheduled<br>Payment Dates | Hard/Soft<br>Maturity | ISIN : Reg S | ISIN: 144a |
|---------------|---------------------------|----------|----------------|----------------|----------------|-----------|------------------------|--------|------------------------|----------------------------|-----------------------|--------------|------------|
| Series 2008-1 | Aaa/AAA                   | GBP      | £1,000,000,000 | £1,000,000,000 | 1.00           | 1m Libor  | 0.56906%               | 0.40%  | 0.96906%               | Nov-11                     | Soft                  | XS0392503065 | -          |
| Series 2008-2 | Aaa/AAA                   | GBP      | £2,000,000,000 | £2,000,000,000 | 1.00           | 1m Libor  | 0.56906%               | 0.40%  | 0.96906%               | May-12                     | Soft                  | XS0392503495 | -          |
| Series 2008-3 | Aaa/AAA                   | GBP      | £2,000,000,000 | £2,000,000,000 | 1.00           | 1m Libor  | 0.56906%               | 0.40%  | 0.96906%               | Nov-12                     | Soft                  | XS0392503735 | -          |
| Series 2008-4 | Aaa/AAA                   | GBP      | £1,250,000,000 | £1,250,000,000 | 1.00           | 1m Libor  | 0.56906%               | 0.40%  | 0.96906%               | May-13                     | Soft                  | XS0392504030 | -          |

2010

| Series        | Rating<br>(Moody's/Fitch) | Currency | Tranche Size    | £ Equivalent   | Pool<br>Factor | Coupon Type  | Current<br>Rate Fixing | Scheduled<br>Payment Dates | Hard/Soft<br>Maturity | ISIN : Reg S | ISIN: 144a |
|---------------|---------------------------|----------|-----------------|----------------|----------------|--------------|------------------------|----------------------------|-----------------------|--------------|------------|
| Series 2010-1 | Aaa/AAA                   | EUR      | € 1,500,000,000 | £1,366,500,000 | 1.00           | Annual Fixed | 3.37500%               | Mar-15                     | Soft                  | XS0482808465 | -          |
| Series 2010-2 | Aaa/AAA                   | EUR      | € 750,000,000   | £624,000,000   | 1.00           | Annual Fixed | 4.00000%               | Jun-18                     | Soft                  | XS0519671787 | -          |
| Series 2010-3 | Aaa/AAA                   | EUR      | € 250,000,000   | £206,250,000   | 1.00           | Annual Fixed | 2.62500%               | Jul-13                     | Soft                  | XS0522716223 | -          |