# HSBC UK Bank plc €25 billion Global Covered Bond Programme

## Investor Report 10th September 2024



### Administration

| | |
|---|---|
| Name of issuer | HSBC UK Bank plc |
| Name of RCB programme | HSBC UK Bank plc EUR25bn Global Covered Bond Programme |
| Name, job title and contact details of person validating this form | Neelam Sahdev, Senior Manager, HSBC UK Secured Funding<br>Email: neelam.sahdev@hsbc.com<br>Phone: +44 121 4505506<br>Mobile: +44 7769175611 |
| Date of form submission | 30/09/2024 |
| Start Date of reporting period | 11/08/2024 |
| End Date of reporting period | 10/09/2024 |
| Web links - prospectus, transaction documents, loan-level data | https://www.about.hsbc.co.uk/hsbc-uk/regulated-covered-bond-programme |

### Counterparties, Ratings

| | Counterparty/ies | Fitch | | Moody's | | S&P | | DBRS | |
|---|---|---|---|---|---|---|---|---|---|
| | | Rating trigger | Current rating | Rating trigger | Current rating | Rating trigger | Current rating | Rating trigger | Current rating |
| Covered bonds | | N/A | AAA | N/A | Aaa | N/A | N/A | N/A | N/A |
| Issuer | HSBC UK Bank plc | N/A | F1+ / AA- | N/A | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Seller(s) | HSBC UK Bank plc | BBB- | F1+ / AA- | Baa3 (cr) | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Cash manager | HSBC Bank plc | BBB- | F1+ / AA- | Baa3 (cr) | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Account bank | HSBC UK Bank plc | F1/A | F1+ / AA- | P-1 | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Stand-by account bank | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Servicer(s) | HSBC UK Bank plc | BBB- | F1+ / AA- | Baa3 (cr) | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Stand-by servicer(s) | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Swap provider(s) on cover pool | HSBC UK Bank plc | F1/A | F1+ / AA- | - / A3 (cr) | P-1(cr) / Aa3(cr) | N/A | A-1 / A+ | N/A | N/A |
| Stand-by swap provider(s) on cover pool | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |

| | |
|---|---|
| Swap notional amount(s) (GBP) | £ 4,813,544,560 |
| Swap notional maturity/ies | N/A |
| LLP receive rate/margin | 5.83% |
| LLP pay rate/margin | 2.80% |
| Collateral posting amount(s) (GBP) | £ - |

### Accounts, Ledgers

| | Value as of End Date of reporting period | Value as of Start Date of reporting period | Targeted Value |
|---|---|---|---|
| Revenue receipts (please disclose all parts of waterfall) | £ 24,622,545 | £ - | £ - |
| Interest Collections | £ 13,090,987 | £ - | £ - |
| Other net income including bank interest | £ 11,531,558 | £ - | £ - |
| Excess amount released from Reserve Account | £ - | £ - | £ - |
| Available Revenue Receipts | £ 24,622,545 | £ - | £ - |
| Senior fees (including Cash Manager, Servicer & Asset Monitor) | £ 167,006 | £ - | £ - |
| Amounts due under Interest Rate Swap | £ - | £ - | £ - |
| Amounts due under Covered Bond Swap | £ - | £ - | £ - |
| Amounts due under Intercompany Loan | £ - | £ - | £ - |
| Amounts added to Interest Accumulation Account | £ 4,385,038 | £ - | £ - |
| Amounts added to Pre-Maturity Liquidity Account | £ - | £ - | £ - |
| Amounts added to Reserve Account | £ - | £ - | £ - |
| Deferred Consideration | £ 20,070,501 | £ - | £ - |
| Members' profit | £ - | £ - | £ - |
| Total distributed | £ 24,622,545 | £ - | £ - |
| Principal receipts (please disclose all parts of waterfall) | £ 54,645,142 | £ - | £ - |
| Principal Collections | £ 54,645,142 | £ - | £ - |
| Any other amount standing to credit Principal Collections Ledger | £ - | £ - | £ - |
| Cash Capital Contribution from Members | £ - | £ - | £ - |
| Available Principal Receipts | £ 54,645,142 | £ - | £ - |
| Amounts added to Pre-Maturity Liquidity Account | £ - | £ - | £ - |
| Amounts used to acquire New Mortgages and Additional Borrowings | £ - | £ - | £ - |
| Capital Distribution | £ 54,645,142 | £ - | £ - |
| Total distributed | £ 54,645,142 | £ - | £ - |
| Interest Collections Ledger | £ 24,622,545 | £ 27,516,005 | £ - |
| Principal Collections Ledger | £ 54,645,142 | £ 75,163,931 | £ - |
| Interest Accumulation Account | £ - | £ 9,186,088 | £ 4,385,038 |
| Intercompany Loan Settlement | £ - | £ - | £ - |
| Pre-Maturity Liquidity Account | £ - | £ - | £ - |
| Reserve Account | £ - | £ - | £ - |

### Asset Coverage Test

| | Value | Description |
|---|---|---|
| A | £ 4,693,723,060 | The lower of (a) Adjusted True Balance and (b) Arrears Adjusted True Balance |
| B | £ - | Principal collections not yet applied |
| C | £ - | Cash Capital Contributions not yet applied |
| D | £ - | Substitution assets |
| X | £ - | For set-off risk |
| Y | £ 478,610 | For additional borrowing capacity |
| Z | £ 27,686,242 | For potential negative carry |
| Total | £ 4,665,558,208 | |
| Method used for calculating component 'A' | A(b) | |
| Asset percentage (%) | 92.50% | |
| Maximum asset percentage from Fitch (%) | 96.00% | |
| Maximum asset percentage from Moody's (%) | 99.50% | |
| Maximum asset percentage from S&P (%) | N/A | |
| Maximum asset percentage from DBRS (%) | N/A | |
| Credit support as derived from ACT (GBP) | £ 3,665,558,208 | |
| Credit support as derived from ACT (%) | 366.56% | |

### Programme-Level Characteristics

| | |
|---|---|
| Programme currency | EUR |
| Programme size | 25,000,000,000 |
| Covered bonds principal amount outstanding (GBP, non-GBP series converted at swap FX rate) | £ 1,000,000,000 |
| Covered bonds principal amount outstanding (GBP, non-GBP series converted at current spot rate) | £ 1,000,000,000 |
| Cover pool balance (GBP) | £ 5,075,586,011 |
| GIC account balance (GBP) | £ 79,267,686 |
| Any additional collateral (please specify) | None |
| Any additional collateral (GBP) | £ - |
| Aggregate balance of off-set mortgages (GBP) | £ - |
| Aggregate deposits attaching to the cover pool (GBP) | £ - |
| Aggregate deposits attaching specifically to the off-set mortgages (GBP) | £ - |
| Nominal level of overcollateralisation (GBP) | £ 4,075,586,011 |
| Nominal level of overcollateralisation (%) | 407.56% |
| Number of loans in cover pool | £ 35,956 |
| Average loan balance (GBP) | £ 141,161 |
| Weighted average non-indexed LTV (%) | 52.00% |
| Weighted average indexed LTV (%) | 48.30% |
| Weighted average seasoning (months) | 42.0 |
| Weighted average remaining term (months) | 254.3 |
| Weighted average interest rate (%) | 2.98% |
| Standard Variable Rate(s) (%) | 6.99% |
| Constant Pre-Payment Rate (%, current month) | 0.71% |
| Constant Pre-Payment Rate (%, quarterly average) | 4.38% |
| Principal Payment Rate (%, current month) | 1.07% |
| Principal Payment Rate (%, quarterly average) | 6.45% |
| Constant Default Rate (%, current month) | 0.00% |
| Constant Default Rate (%, quarterly average) | 0.00% |
| Fitch Discontinuity Cap | 6 |
| Moody's Timely Payment Indicator | Probable - High |
| Moody's Collateral Score (%) | 4.00% |

### Mortgage collections

| | |
|---|---|
| Mortgage collections (scheduled - interest) | £ 13,090,987 |
| Mortgage collections (scheduled - principal) | £ 18,402,817 |
| Mortgage collections (unscheduled - interest) | £ - |
| Mortgage collections (unscheduled - principal) | £ 36,242,324 |

### Loan Redemptions & Replenishments Since Previous Reporting Date

| | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Loan redemptions since previous reporting date | 268 | 0.75% | £ 28,055,594 | 0.55% |
| Loans bought back by seller(s) | 6 | 0.02% | £ 760,394 | 0.01% |
| of which are non-performing loans | - | 0.00% | £ - | 0.00% |
| of which have breached R&Ws | 6 | 0.02% | £ 760,394 | 0.01% |
| Loans sold into the cover pool | 55 | 0.15% | £ 3,897,698 | 0.08% |

### Product Rate Type and Reversionary Profiles

| | | | | | Weighted average | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Number | % of total number | Amount (GBP) | % of total amount | % Current rate | Remaining teaser period (months) | % Current margin | % Reversionary margin | % Initial rate |
| Fixed at origination, reverting to SVR | 33,473 | 93.09% | £ 4,780,300,252 | 94.18% | 2.81% | 26.20 | 2.81% | 0.00% | 2.81% |
| Fixed at origination, reverting to Libor | - | 0.00% | £ - | 0.00% | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| Fixed at origination, reverting to tracker | - | 0.00% | £ - | 0.00% | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| Fixed for life | - | 0.00% | £ - | 0.00% | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| Tracker at origination, reverting to SVR | 1,314 | 3.65% | £ 220,612,734 | 4.35% | 5.39% | 11.77 | 0.39% | 0.00% | 5.39% |
| Tracker at origination, reverting to Libor | - | 0.00% | £ - | 0.00% | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| Tracker for life | 309 | 0.86% | £ 21,541,619 | 0.42% | 6.37% | 0.00 | 1.39% | 0.00% | 6.37% |
| SVR, including discount to SVR | 860 | 2.39% | £ 53,131,406 | 1.05% | 6.99% | 0.00 | 0.00% | 0.00% | 6.99% |
| Libor | - | 0.00% | £ - | 0.00% | 0.00% | 0.00 | 0.00% | 0.00% | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% | 2.98% | | 2.67% | | 2.98% |

**Stratifications**

| Arrears breakdown | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Current | 35,928 | 99.92% | £ 5,070,115,608 | 99.89% |
| 0-1 month in arrears | 26 | 0.07% | £ 4,998,680 | 0.10% |
| 1-2 months in arrears | 1 | 0.00% | £ 438,204 | 0.01% |
| 2-3 months in arrears | 1 | 0.00% | £ 33,520 | 0.00% |
| 3-6 months in arrears | - | 0.00% | £ - | 0.00% |
| 6-12 months in arrears | - | 0.00% | £ - | 0.00% |
| 12+ months in arrears | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Current non-indexed LTV | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| 0-50% | 19,450 | 54.09% | £ 2,053,542,748 | 40.46% |
| 50-55% | 3,654 | 10.16% | £ 581,872,120 | 11.46% |
| 55-60% | 3,733 | 10.38% | £ 628,108,755 | 12.38% |
| 60-65% | 3,749 | 10.43% | £ 684,395,991 | 13.48% |
| 65-70% | 3,634 | 10.11% | £ 755,949,367 | 14.89% |
| 70-75% | 1,724 | 4.79% | £ 370,426,218 | 7.30% |
| 75-80% | 6 | 0.02% | £ 748,389 | 0.01% |
| 80-85% | 3 | 0.01% | £ 406,635 | 0.01% |
| 85-90% | - | 0.00% | £ - | 0.00% |
| 90-95% | 3 | 0.01% | £ 135,788 | 0.00% |
| 95-100% | - | 0.00% | £ - | 0.00% |
| 100-105% | - | 0.00% | £ - | 0.00% |
| 105-110% | - | 0.00% | £ - | 0.00% |
| 110-125% | - | 0.00% | £ - | 0.00% |
| 125%+ | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Current indexed LTV | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| 0-50% | 23,405 | 65.09% | £ 2,606,410,865 | 51.35% |
| 50-55% | 3,470 | 9.65% | £ 590,492,784 | 11.63% |
| 55-60% | 3,098 | 8.62% | £ 578,614,796 | 11.40% |
| 60-65% | 2,620 | 7.29% | £ 551,047,457 | 10.86% |
| 65-70% | 2,185 | 6.08% | £ 471,385,578 | 9.29% |
| 70-75% | 1,164 | 3.24% | £ 275,442,003 | 5.43% |
| 75-80% | 2 | 0.01% | £ 406,572 | 0.01% |
| 80-85% | 7 | 0.02% | £ 748,452 | 0.01% |
| 85-90% | 2 | 0.01% | £ 901,716 | 0.02% |
| 90-95% | - | 0.00% | £ - | 0.00% |
| 95-100% | 3 | 0.01% | £ 135,788 | 0.00% |
| 100-105% | - | 0.00% | £ - | 0.00% |
| 105-110% | - | 0.00% | £ - | 0.00% |
| 110-125% | - | 0.00% | £ - | 0.00% |
| 125%+ | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Current outstanding balance of loan | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| 0-5,000 | 736 | 2.05% | £ 2,129,733 | 0.04% |
| 5,000-10,000 | 1,373 | 3.82% | £ 10,960,164 | 0.22% |
| 10,000-25,000 | 3,090 | 8.59% | £ 52,918,158 | 1.04% |
| 25,000-50,000 | 4,267 | 11.87% | £ 159,840,511 | 3.15% |
| 50,000-75,000 | 3,795 | 10.55% | £ 237,312,369 | 4.68% |
| 75,000-100,000 | 3,793 | 10.55% | £ 331,811,612 | 6.54% |
| 100,000-150,000 | 6,204 | 17.25% | £ 769,361,267 | 15.16% |
| 150,000-200,000 | 4,311 | 11.99% | £ 748,601,329 | 14.75% |
| 200,000-250,000 | 2,808 | 7.81% | £ 627,951,771 | 12.37% |
| 250,000-300,000 | 1,822 | 5.07% | £ 498,486,864 | 9.82% |
| 300,000-350,000 | 1,222 | 3.40% | £ 394,858,371 | 7.78% |
| 350,000-400,000 | 760 | 2.11% | £ 284,267,170 | 5.60% |
| 400,000-450,000 | 515 | 1.43% | £ 218,048,166 | 4.30% |
| 450,000-500,000 | 361 | 1.00% | £ 171,288,601 | 3.37% |
| 500,000-600,000 | 447 | 1.24% | £ 243,105,307 | 4.79% |
| 600,000-700,000 | 233 | 0.65% | £ 150,850,240 | 2.97% |
| 700,000-800,000 | 131 | 0.36% | £ 97,829,145 | 1.93% |
| 800,000-900,000 | 70 | 0.19% | £ 59,338,235 | 1.17% |
| 900,000-1,000,000 | 18 | 0.05% | £ 16,626,998 | 0.33% |
| 1,000,000 + | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Regional distribution | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| East Anglia | 4,340 | 12.07% | £ 634,399,632 | 12.50% |
| East Midlands | 2,986 | 8.30% | £ 301,744,625 | 5.95% |
| London | 5,197 | 14.45% | £ 1,246,630,771 | 24.56% |
| North | 1,062 | 2.95% | £ 93,230,269 | 1.84% |
| North West | 3,972 | 11.05% | £ 395,229,057 | 7.79% |
| Northern Ireland | - | 0.00% | £ - | 0.00% |
| Outer Metro | - | 0.00% | £ - | 0.00% |
| South East | 7,038 | 19.57% | £ 1,192,562,144 | 23.50% |
| South West | 3,486 | 9.70% | £ 428,387,729 | 8.44% |
| Scotland | - | 0.00% | £ - | 0.00% |
| Wales | 1,568 | 4.36% | £ 136,805,631 | 2.70% |
| West Midlands | 3,170 | 8.82% | £ 335,139,933 | 6.60% |
| Yorkshire | 3,137 | 8.72% | £ 311,456,220 | 6.14% |
| Other | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Repayment type | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Capital repayment | 35,931 | 99.93% | £ 5,069,810,188 | 99.89% |
| Part-and-part | - | 0.00% | £ - | 0.00% |
| Interest-only | 25 | 0.07% | £ 5,775,823 | 0.11% |
| Offset | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Seasoning | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| 0-12 months | 2,372 | 6.60% | £ 352,858,170 | 6.95% |
| 12-24 months | 6,355 | 17.67% | £ 1,023,852,454 | 20.17% |
| 24-36 months | 7,837 | 21.80% | £ 1,235,748,506 | 24.35% |
| 36-48 months | 4,983 | 13.86% | £ 757,492,363 | 14.92% |
| 48-60 months | 3,652 | 10.16% | £ 477,375,471 | 9.41% |
| 60-72 months | 3,445 | 9.58% | £ 375,385,541 | 7.40% |
| 72-84 months | 3,833 | 10.66% | £ 454,599,901 | 8.96% |
| 84-96 months | 2,455 | 6.83% | £ 279,701,209 | 5.51% |
| 96-108 months | 1,010 | 2.81% | £ 116,686,799 | 2.30% |
| 108-120 months | 10 | 0.03% | £ 1,700,954 | 0.03% |
| 120-150 months | 4 | 0.01% | £ 184,643 | 0.00% |
| 150-180 months | - | 0.00% | £ - | 0.00% |
| 180+ months | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Interest payment type | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Fixed | 33,473 | 93.09% | £ 4,780,300,252 | 94.18% |
| SVR | 860 | 2.39% | £ 53,131,406 | 1.05% |
| Tracker | 1,623 | 4.51% | £ 242,154,353 | 4.77% |
| Other (please specify) | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Loan purpose type | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Owner-occupied | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |
| Buy-to-let | - | 0.00% | £ - | 0.00% |
| Second home | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Income verification type | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Fully verified | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |
| Fast-track | - | 0.00% | £ - | 0.00% |
| Self-certified | - | 0.00% | £ - | 0.00% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Remaining term of loan | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| 0-30 months | 293 | 0.81% | £ 3,845,117 | 0.08% |
| 30-60 months | 1,066 | 2.96% | £ 32,309,879 | 0.64% |
| 60-120 months | 3,998 | 11.12% | £ 242,621,543 | 4.78% |
| 120-180 months | 6,507 | 18.10% | £ 655,419,070 | 12.91% |
| 180-240 months | 8,463 | 23.54% | £ 1,178,848,970 | 23.23% |
| 240-300 months | 8,510 | 23.67% | £ 1,490,413,805 | 29.36% |
| 300-360 months | 4,802 | 13.36% | £ 917,697,967 | 18.08% |
| 360+ months | 2,317 | 6.44% | £ 554,429,659 | 10.92% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

| Employment status | Number | % of total number | Amount (GBP) | % of total amount |
|---|---|---|---|---|
| Employed | 32,774 | 91.15% | £ 4,618,376,901 | 90.99% |
| Self-employed | 1,735 | 4.83% | £ 299,663,168 | 5.90% |
| Unemployed | 7 | 0.02% | £ 1,253,006 | 0.02% |
| Retired | 170 | 0.47% | £ 8,738,899 | 0.17% |
| Guarantor | - | 0.00% | £ - | 0.00% |
| Other | 1,270 | 3.53% | £ 147,554,037 | 2.91% |
| Total | 35,956 | 100.00% | £ 5,075,586,011 | 100.00% |

## Covered Bonds Outstanding, Associated Derivatives (please disclose for all bonds outstanding)

| | | |
|---|---|---|
| Series | 2022-1 | 2023-1 |
| Issue date | 14/09/2022 | 19/09/2023 |
| Original rating (Moody's/S&P/Fitch/DBRS) | Aaa/AAA | Aaa/AAA |
| Current rating (Moody's/S&P/Fitch/DBRS) | Aaa/AAA | Aaa/AAA |
| Denomination | GBP | GBP |
| Amount at issuance | 500,000,000 | 500,000,000 |
| Amount outstanding | 500,000,000 | 500,000,000 |
| FX swap rate (rate:£1) | 1.000 | 1.000 |
| Maturity type (hard/soft-bullet/pass-through) | Soft Bullet | Soft Bullet |
| Scheduled final maturity date | 25/08/2027 | 25/08/2028 |
| Legal final maturity date | 25/08/2028 | 25/08/2029 |
| ISIN | XS2532381352 | XS2682200030 |
| Stock exchange listing | London | London |
| Coupon payment frequency | Quarterly | Quarterly |
| Coupon payment date | 25th Feb, May, Aug, Nov | 25th Feb, May, Aug, Nov |
| Coupon (rate if fixed, margin and reference rate if floating) | Compounded Daily SONIA + 0.62% | Compounded Daily SONIA + 0.50% |
| Margin payable under extended maturity period (%) | Compounded Daily SONIA + 0.62% | Compounded Daily SONIA + 0.50% |
| Swap counterparty/ies | N/A | N/A |
| Swap notional denomination | N/A | N/A |
| Swap notional amount | N/A | N/A |
| Swap notional maturity | N/A | N/A |
| LLP receive rate/margin | N/A | N/A |
| LLP pay rate/margin | N/A | N/A |
| Collateral posting amount | N/A | N/A |

## Programme triggers

| Event (please list all triggers) | Summary of event | Trigger (S&P, Moody's, Fitch, DBRS; short-term, long-term) | Trigger breached (yes/no) | Consequence of a trigger breach |
|---|---|---|---|---|
| Account Bank rating trigger | Loss of required rating by the Account Bank | Short-term: - / P-1 / F1 / -<br>Long-term: - / - / A / - | no | Within 60 days, replace with a counterparty which has such required ratings, or guarantee the obligations of the Account Bank. |
| Swap Collateral Account Bank rating trigger | Loss of required rating by the Account Bank | Short-term: - / P-1 / F1 / -<br>Long-term: - / - / A / - | no | Replace or guarantee the obligations of the Swap Collateral Account Bank within 60 days, or move to the Account Bank Remedial Ratings. |
| Servicer rating trigger | Loss of required rating by the Servicer | Long-term: - / Baa3(cr) / BBB- / - | no | The Servicer shall make all reasonable efforts to enter into a back-up master servicing agreement with a third party as required by LLP and the LLP security Trustee within 60 days.<br>All Servicer calculations will be subject to the relevant tests by the Asset Monitor following each Calculation Date for a period of six months. |
| Cash Manager rating trigger | Loss of required rating by the Cash Manager | Long-term: - / Baa3(cr) / BBB- / - | no | The Servicer shall make all reasonable endeavours to enter into a back-up cash management agreement with a suitably experienced third party acceptable to the LLP and the Security Trustee within 60 days. |
| Perfection | Loss of required rating by the Servicer | Long-term: - / Baa3(cr) / BBB- / - | no | Transfer of legal title of LLP Mortgages to the LLP within 20 London business days. |
| Swap Counterparty Trigger | Loss of required rating by the Swap Provider | Short-term: - / - / F1 / -<br>Long-term: - / A3(cr) / A / - | no | Take measures under Relevant Swap Agreement or any other actions agreed with the Rating Agency including transfer of collateral, replacement of swap counterparty or finding suitably rated co-obligor. |
| Asset Coverage Test Set-Off Risk Protection | Loss of required rating by the Seller | Short-term: - / - / F1 / -<br>Long-term: - / A3(cr) / A / - | no | The set-off risk protection in the Asset Coverage Test shall be sized as per the Programme documentation. |
| Reserve Fund | Loss of required rating by the Issuer | Short-term: - / P-1(cr) / F1+ / - | no | Reserve Fund will be credited with the required amount calculated as per the Programme documentation. |
| Pre-Maturity Test (Hard Bullet Covered Bonds only) | Loss of required rating by the Issuer if the Final Maturity Date of any Series of Hard Bullet Covered Bonds occurs within 6 (Moody's) or 12 (Fitch) months | at 6 months:<br>Short-term: - / P-1(cr) / - / -<br><br>at 12 months:<br>Short-term: - / - / F1+ / - | no | Requirement to fund the Pre-Maturity Liquidity Account to the Required Redemption Amount and, if necessary, the sale of Selected Mortgages. |

## Non-Rating Triggers

| Event (please list all triggers) | Description of Trigger | Trigger breached (yes/no) | Consequence of a trigger breach |
|---|---|---|---|
| Asset Coverage Test | The Aggregate Adjusted Cover Amount is less than the Sterling equivalent of the aggregate Principal Amount Outstanding of all Covered Bonds as calculated on the relevant Calculation Date, and remains below the aggregate Principal Amount Outstanding of all Covered Bonds at the next Calculation Date. | no | If breach of Asset Coverage Test not remedied on the next Calculation Date will result in the issuance of a Asset Coverage Test Breach Notice and if not rectified by the 3rd calculation date after the issuance of the breach notice an Issuer Event of Default will occur. If not cured, an Issuer Acceleration Notice may be served, which means that each Series of Covered Bonds shall become due and repayable as against the Issuer and following which, a Notice to Pay will be served on the LLP, meaning that the LLP shall be required to make payments of Guaranteed Amounts on the Covered Bonds in accordance with the Guarantee Priority of Payments. Whilst an Asset Coverage Test Breach Notice remains outstanding, no Cash Capital Contributions may be distributed to HSBC UK Bank plc as a Capital Distribution. |
| Interest Rate Shortfall Test | The amount of income that the LLP expects to receive in the next LLP Payment Period together with other funds available to it is insufficient to cover the would be amounts due under each Term Advance and to the Covered Bond Swap Provider(s) and other senior expenses ranking in priority thereto. | no | Servicer to notify the LLP and if required by LLP, Seller to make all reasonable endeavours to offer to sell new mortgages to the LLP on or before the next Calculation Date. New mortgages will have HSBC Variable Rates and/or other discretionary rates or margins, and be sufficient to ensure there would not be an Interest Rate Shortfall on future Calculation Dates. |
| Issuer Event of Default | Any of the conditions, events or acts provided in Condition 9(a) (Issuer Events of Default) of the Programme Conditions occur. | no | If not cured, an Issuer Acceleration Notice may be served, which means that each Series of Covered Bonds shall become due and repayable as against the Issuer and following which, a Notice to Pay will be served on the LLP, meaning that the LLP shall be required to make payments of Guaranteed Amounts on the Covered Bonds in accordance with the Guarantee Priority of Payments. |
| Amortisation Test | Following a Notice to Pay (but prior to the service of an LLP Acceleration Notice and/or wind-up proceedings), the Amortisation Test Aggregate Asset Amount is less than the Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds as calculated on the relevant Calculation Date. | no | Constitutes an LLP Event of Default which if not cured, means that a LLP Acceleration Notice may be served, which means that each Series of Covered Bonds shall become due and repayable as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the LLP, and the Security shall become enforceable. |
| Yield Shortfall Test | Following an Issuer Event of Default which remains outstanding, the mortgages (once accounting for the Interest Rate Swap) must give an annual yield of less than SONIA + 0.40%. | no | LLP variable rate and other discretionary rates and/or margins may be increased. |
| LLP Event of Default | Any of the conditions, events or acts provided in Condition 9(b) (LLP Events of Default) of the Programme Conditions occur. | no | If not cured, an LLP Acceleration Notice may be served, which means that each Series of Covered Bonds shall become due and repayable as against the Issuer (if not already due and repayable against it following an Issuer Event of Default) and as against the LLP, and the Security shall become enforceable. |
| Perfection | Any of the conditions, events or acts provided in Clause 7 (Perfection of the Assignment) of the Mortgage Sale Agreement occur. | no | Triggers the requirement to prepare perfection of title documents but not the steps necessary to perfect legal title. |

## Glossary

| Ref | Description |
|---|---|
| **Reporting period** | Reporting period runs from and including, the eleventh day of a calendar month to, and including, the tenth day of the following calendar month. |
| **True Balance** | True Balance means, for any Mortgage on any relevant date of determination, the aggregate (but avoiding double counting) of the following:<br>(a) the aggregate of all principal amounts advanced to the relevant Borrower; and<br>(b) Capitalised Expenses; and<br>(c) Capitalised Interest; and<br>(d) (to the extent not covered by paragraphs (b) and (c) above) Capitalised Arrears; and<br>(e) any other amount (including, for the avoidance of doubt, Accrued Interest and Arrears of Interest) which is due or accrued (whether or not due) and which has not been paid by the relevant Borrower and has not been capitalised in accordance with the relevant Mortgage Conditions or with the relevant Borrower's consent but which is secured or intended to be secured by that Mortgage,<br>less any repayment or payment of any of the foregoing made on or before the end of the Business Day immediately preceding the date of determination and excluding any retentions made but not released and any Additional Borrowings committed to be made but not made by the end of the Business Day immediately preceding the date of determination. |
| **Current non-indexed LTV** | Current non-indexed LTV is the aggregate true balance of all loans within a mortgage account, divided by the value of the property securing the loans in that mortgage account at the date of the latest lending. |
| | Current non-indexed LTV is reported as zero where a customer borrower paid more than the outstanding balance of a mortgage. |
| **Current indexed LTV** | Current indexed LTV is the aggregate true balance of all loans within a mortgage account, divided by the indexed value of the property securing the loans in that mortgage account at the reporting date. Indexation is applied on a regional basis to property valuations on a quarterly basis in January, April, July and October of each year using the Halifax House Price Index published by Markit Group Limited. |
| | Indexed LTV is reported as zero where a customer borrower paid more than the outstanding balance of a mortgage. |
| **Monthly Constant Pre-Payment Rate (CPR)** | Monthly Constant Pre-Payment Rate (CPR) is calculated as the total unscheduled principal receipts received over the last Calculation Period, divided by the total principal amount outstanding of the loans comprised in the portfolio at the beginning of the last Calculation Period. Unscheduled principal receipts does not comprise payments from HSBC UK Bank plc for the repurchase of loans from the portfolio. These are annualised using the formula: 1-((1-M)^12) where M is the monthly CPR expressed as a percentage. |
| **Monthly Principal Payment Rate (PPR)** | Monthly Principal Payment Rate (PPR) is defined as the total scheduled and unscheduled principal receipts received over the last Calculation Period, divided by the total principal amount outstanding of the loans comprised in the portfolio at the beginning of the last Calculation Period. These are annualised using the formula: 1-((1-M)^12) where M is the monthly PPR expressed as a percentage. |
| **Quarterly Average CPR/PPR** | Quarterly Average CPR/PPR is the average of the three most recent monthly CPR / PPR expressed as a percentage. These are annualised using the formula: 1-((1-M)^12) where M is the Quarterly Average CPR/PPR expressed as a percentage. |
| **Arrears** | Number of Months in Arrears means, as at the date of determination in respect of a Mortgage, the result of the calculation (A-B) / C, where:<br>(a) 'A' equals the sum of all Monthly Payments in respect of advances under that Mortgage that were due and payable by the relevant Borrower on any due date up to that date of determination;<br>(b) 'B' equals the sum of all payments actually made by that Borrower in respect of that Mortgage up to that date of determination (the difference between 'A' and 'B' being the "arrears balance"); and<br>(c) 'C' equals the then Monthly Payment in respect of all advances under that Mortgage. |
| **Mortgage collections** | Mortgage Collections include all cash receipts on a mortgage within the portfolio excluding monies paid by HSBC UK Bank plc in respect of mortgages repurchased from the portfolio. |
| **Seasoning** | Seasoning refers to the number of months since the date of origination of the loan. |
| **Remaining Term** | Remaining Term refers to the number of remaining months to maturity of each loan. |
| **Weighted Average (WA)** | All Weighted Average (WA) calculations are weighted by True Balance. |

## Supplementary notes

| Ref | Description |
|---|---|
| **Counterparties, Ratings table** | The swap provider(s) rating trigger disclosed is the next trigger point. There may be subsequent triggers, as detailed in the relevant swap agreement. |
| | There are no minimum ratings for the Issuer, although its ratings are linked to certain programme triggers - see the Programme Triggers section. |
| | Swap details relate to interest rate swap and exclude covered bond swaps. HSBC UK Bank plc entered into a fixed interest rate swap to hedge against some or all possible variances between interest payable on cover pool and compounded daily SONIA rate. |
| **Accounts, Ledgers table** | The waterfall reported (including Intercompany Loan Settlement) is that which will be made in the next reporting period. |
| | Members' profit is paid once a year, on the LLP payment date, which the anniversary of the programme establishment falls into. |
| | Ledgers and Accounts balances are reported as at the reporting period end, before the distribution of revenue and principal receipts. |
| **Asset Coverage Test ("ACT") table** | For full description of the ACT requirements, please refer to the Prospectus. |
| | Method A(a) is calculated as the lower of (i) the actual True Balance of the Mortgage and (ii) the Partially Indexed Valuation relating to that Mortgage multiplied by M (where for all Mortgages that are less than three months in arrears or not in arrears, M = 0.75; for all Mortgages that are three months or more in arrears and have a True Balance to Partially Indexed Valuation ratio of less than or equal to 75 per cent, M = 0.40; and for all Mortgages that are three months or more in arrears and have a True Balance to Partially Indexed Valuation ratio of more than 75 per cent, M = 0.25).<br>Method A(b) is calculated as the Asset Percentage multiplied by the lower of (i) the True Balance of the Mortgage and (ii) the Partially Indexed Valuation relating to that Mortgage multiplied by N (where for all Mortgages that are less than three months in arrears or not in arrears, N = 1, for all Mortgages that are three months or more in arrears and have a True Balance to Partially Indexed Valuation ratio of less than or equal to 75 per cent, N = 0.40 and for all Mortgages that are three months or more in arrears and have a True Balance to Partially Indexed Valuation ratio of more than 75 per cent, N = 0.25). |
| | Item B of the Asset Coverage Test excludes principal balances distributed back to the Seller in the next reporting period. |
| **Programme-Level Characteristics table** | Balance disclosed as GIC account is made up of the following LLP bank accounts at the reporting period end: Covered Bond Account (includes cash collected from mortgages on the last day of the reporting period, passed to the LLP on the first day of the following reporting period), Interest Accumulation Account, Reserve Account and Pre-Maturity Liquidity Account. |
| | Balance disclosed as Aggregate deposits attaching to the cover pool (GBP) is the amount required under item X (set-off risk) of the ACT. |
| | The nominal level of over collateralisation includes cash held on the principal ledger, excluding any waterfall distributions back to the seller in the next calendar month. |
| | The Constant Default Rate is not applicable to revolving programmes. |
| | Moody's Timely Payment Indicator and Moody's Collateral Score (%) are sourced from "Moody's Investor Service". |
| | Fitch Payment Continuity Uplift (PCU) is reported as Fitch Discontinuity Cap. |
| **Mortgage collections table** | Mortgage collections (unscheduled - interest) is not reported as all unscheduled collections are treated as principal. |
| | Mortgage collections (unscheduled - principal) does not comprise payments from HSBC UK Bank plc for the repurchase of loans from the portfolio, and comprise capital repayments and redemptions other than those received at the expected term end date of the loan. |
| **Loan Redemptions & Replenishments Since Previous Reporting Date table** | Loan redemptions and Loans bought back by seller are reported as of the immediately preceding reporting period end. |
| | Loans sold into the cover pool are reported as of the reporting period end. |
| **Product Rate Type and Reversionary Profiles table** | Standard Variable Rate (SVR) refers to HSBC Standard Variable rate applicable to residential mortgages. |
| | Margins are based on the index rate, therefore fixed loans are reported at the fixed rate, tracker are reported over BBR (5.00%) and variable over SVR (6.99%). |
| | The initial rate is considered to be the same as the current rate. |
| **Regional distribution table** | Regions are defined in line with Level 1 of the International Territorial Levels (ITL) codes of the United Kingdom. |
| **Repayment type table** | The analysis is performed at loan level and therefore there are no balances shown as part-and-part. |
| **Employment status table** | Employment status reported is the latest information held on borrower's record. |
| | First borrower's employment status is reported. Where the first borrower is unemployed, then second borrower's employment status is reported. |