

**HBOS SOCIAL HOUSING COVERED BONDS LLP  
QUARTERLY REPORT - QUARTER 4 2014**

**Date of Report** 15-Dec-2014

**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	24,015,441
Principal GIC Sub-Account	968,508,427
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>992,523,869</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	69
<b>Transaction Account Total</b>	<b>69</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	2,008,949,785
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>2,008,949,785</b>

**Credit Ratings**

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	A1	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	1,930,551,214
B = Unapplied Principal Receipts	673,263,725
C = Unapplied Cash Capital Contributions	295,244,702
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	39,160,014

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**Total: A+B+C+D+E-X** **2,859,899,627**

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Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	<b>PASS</b>
Asset Percentage	68.03%
Maximum Level of Issuance	100.77%
Current Level of Issuance	63.43%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	2,837,919,082
Number of Loan Agreements in the Portfolio	60
Average Loan Balance	47,298,651

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	150,059,322	5.3%	4	18
East Midlands	292,640,947	10.3%	5	45
London	692,412,558	24.4%	16	62
North East	0	0.0%	0	0
North West	207,005,617	7.3%	7	61
South East	826,366,547	29.1%	11	78
South West	301,501,674	10.6%	7	42
Wales	60,544,595	2.1%	2	18
West Midlands	280,002,696	9.9%	6	50
Yorkshire & The Humber	27,385,126	1.0%	2	6
<b>Totals</b>	<b>2,837,919,082</b>	<b>100.0%</b>	<b>60</b>	<b>380</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	14	962,856,532
25 bps - <30 bps	13	636,462,541
30 bps - <40 bps	5	212,252,396
40 bps - <50 bps	5	162,388,266
50 bps - <60 bps	4	133,609,028
60 bps - <80 bps	1	4,921,826
80 bps - <100 bps	6	238,129,019
100 bps - <120 bps	2	7,793,051
120 bps - <140 bps	4	208,318,088
140 bps +	6	271,188,336
<b>Total</b>	<b>60</b>	<b>2,837,919,082</b>
<b>Weighted average (bps)</b>		<b>56.44</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	20	322,069,903
500 units - <1,000 units	14	488,087,161
1,000 units - <2,000 units	11	687,891,245
2,000 units - <3,000 units	4	367,161,618
3,000 units - <4,000 units	2	212,451,553
4,000 units - <5,000 units	1	159,217,033
5,000 units - <10,000 units	6	466,587,259
10,000 units - <15,000 units	1	40,643,681
15,000 units - <20,000 units	1	93,809,629
20,000 units +	0	0
<b>Total</b>	<b>60</b>	<b>2,837,919,082</b>
<b>Weighted average (units)</b>		<b>3,122</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	18	758,369,400
5 years - <10 years	7	90,466,851
10 years - <15 years	3	187,773,745
15 years - <20 years	8	393,023,582
20 years - <25 years	19	1,112,795,458
25 years - <30 years	5	295,490,047
30 years +	0	0
<b>Total</b>	<b>60</b>	<b>2,837,919,082</b>
<b>Weighted average (years)</b>		<b>15.6</b>

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,102
2002 - 2004	1	4,921,826
2004 - 2006	12	304,934,434
2006 - 2008	23	1,372,487,245
2008 - 2010	13	659,066,215
2010 - present	10	491,507,260
<b>Total</b>	<b>60</b>	<b>2,837,919,082</b>
<b>Weighted average (date)</b>		<b>Feb-2009</b>

Rank	Balance	Percentage
1	296,323,272	10.44%
2	155,541,414	5.48%
3	135,199,107	4.76%
4	132,777,731	4.68%
5	99,583,664	3.51%
6	96,112,281	3.39%
7	94,646,116	3.34%
8	93,809,629	3.31%
9	88,628,049	3.12%
10	88,336,998	3.11%

**Asset Cover Analysis at Calculation Date**

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	7	1	0	1
110% - <115%	5	3	11	1
115% - <120%	2	1	7	1
120% - <125%	1	0	5	0
125% - <130%	1	0	9	0
130% - <135%	0	0	4	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
<b>Total</b>	<b>16</b>	<b>5</b>	<b>36</b>	<b>3</b>
				<b>60</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	0	0	0	0
110% - <115%	3	0	4	1
115% - <120%	1	3	5	1
120% - <125%	1	0	7	0
125% - <130%	0	0	4	0
130% - <135%	1	0	0	1
135% - <140%	0	1	1	0
140% +	10	1	15	0
<b>Total</b>	<b>16</b>	<b>5</b>	<b>36</b>	<b>3</b>
				<b>60</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	0	0	0	0
110% - <115%	104,822,619	0	111,055,979	132,777,731
115% - <120%	18,510,620	101,657,668	286,480,863	94,646,116
120% - <125%	25,656,029	0	203,064,303	0
125% - <130%	0	0	93,070,422	0
130% - <135%	21,529,307	0	0	77,252,446
135% - <140%	0	99,583,664	65,381,418	0
140% +	872,532,050	93,809,629	436,088,219	0
<b>Total</b>	<b>1,043,050,626</b>	<b>295,050,960</b>	<b>1,195,141,203</b>	<b>304,676,293</b>
				<b>2,837,919,082</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.  
 Multiple Bases = Following consolidation in the sector, many RSL's now hold housing stock which has been valued on various bases.