

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 4 2015**

Date of Report 15-Dec-2015

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	21,937,032
Principal GIC Sub-Account	483,157,999
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	505,095,031

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	73
Transaction Account Total	73

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	968,892,155
Capital Account - Addison Social Housing LLP	0
Total	968,892,155

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	1,776,393,339
B = Unapplied Principal Receipts	251,071,868
C = Unapplied Cash Capital Contributions	232,086,130
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	33,395,713

Total: A+B+C+D+E-X **2,226,155,625**

Principal Amount Outstanding	1,700,000,000
Asset Coverage Test	PASS
Asset Percentage	69.25%
Maximum Level of Issuance	86.79%
Current Level of Issuance	66.27%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,565,111,150
Number of Loan Agreements in the Portfolio	63
Average Loan Balance	40,716,050

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	179,455,002	7.0%	4	10
East Midlands	314,642,950	12.3%	6	48
London	433,067,578	16.9%	12	54
North East	0	0.0%	0	0
North West	196,360,974	7.7%	7	46
South East	711,642,749	27.7%	10	74
South West	321,238,009	12.5%	10	49
Wales	97,209,663	3.8%	6	42
West Midlands	284,462,660	11.1%	6	36
Yorkshire & The Humber	27,031,565	1.1%	2	5
Totals	2,565,111,150	100.0%	63	364

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	13	825,191,817
25 bps - <30 bps	9	459,821,800
30 bps - <40 bps	4	132,046,278
40 bps - <50 bps	5	85,769,164
50 bps - <60 bps	3	178,861,480
60 bps - <80 bps	2	37,329,249
80 bps - <100 bps	7	298,336,725
100 bps - <120 bps	4	61,344,874
120 bps - <140 bps	4	184,519,660
140 bps +	12	301,890,102
Total	63	2,565,111,150
Weighted average (bps)		64.25

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	25	458,649,556
500 units - <1,000 units	13	395,275,645
1,000 units - <2,000 units	12	720,030,534
2,000 units - <3,000 units	4	236,979,168
3,000 units - <4,000 units	1	84,516,202
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	6	535,208,169
10,000 units - <15,000 units	1	40,644,141
15,000 units - <20,000 units	1	93,807,735
20,000 units +	0	0
Total	63	2,565,111,150
Weighted average (units)		3,141

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	20	726,149,789
5 years - <10 years	6	66,327,190
10 years - <15 years	7	349,495,474
15 years - <20 years	10	281,155,225
20 years - <25 years	18	991,244,917
25 years - <30 years	2	150,738,554
30 years +	0	0
Total	63	2,565,111,150
Weighted average (years)		14.3

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,871
2002 - 2004	1	4,924,446
2004 - 2006	9	224,222,744
2006 - 2008	20	1,119,280,822
2008 - 2010	12	690,939,872
2010 - present	20	520,741,395
Total	63	2,565,111,150
Weighted average (date)		May-2009

Rank	Balance	Percentage
1	168,301,912	6.56%
2	159,223,256	6.21%
3	133,726,596	5.21%
4	101,031,191	3.94%
5	99,662,978	3.89%
6	95,441,238	3.72%
7	93,807,735	3.66%
8	88,626,007	3.46%
9	88,348,509	3.44%
10	84,516,202	3.29%

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%	10	0	0	1
110% - <115%	4	3	7	1
115% - <120%	2	1	7	1
120% - <125%	0	0	5	0
125% - <130%	8	0	11	0
130% - <135%	2	0	0	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
Total	26	4	30	3
				63

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%	2	0	3	1
115% - <120%	1	3	5	1
120% - <125%	1	0	5	0
125% - <130%	1	0	3	0
130% - <135%	1	0	0	1
135% - <140%	2	0	2	0
140% +	18	1	12	0
Total	26	4	30	3
				63

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%	99,062,002	0	92,354,836	133,726,596
115% - <120%	17,706,466	101,656,362	276,453,197	99,662,978
120% - <125%	25,656,668	0	159,684,148	0
125% - <130%	10,808,893	0	146,516,814	0
130% - <135%	21,529,185	0	0	84,516,202
135% - <140%	26,126,356	0	75,386,083	0
140% +	815,321,938	93,807,735	285,134,692	0
Total	1,016,211,507	195,464,097	1,035,529,770	317,905,776
				2,565,111,150

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.