

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 3 2016**

Date of Report 15-Sep-2016

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	22,945,240
Principal GIC Sub-Account	507,214,903
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	530,160,143

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	76
Transaction Account Total	76

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	994,902,259
Capital Account - Addison Social Housing LLP	0
Total	994,902,259

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	1,688,842,710
B = Unapplied Principal Receipts	315,947,907
C = Unapplied Cash Capital Contributions	191,266,996
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	29,641,897

Total: A+B+C+D+E-X **2,166,415,716**

Principal Amount Outstanding	1,700,000,000
Asset Coverage Test	PASS
Asset Percentage	76.82%
Maximum Level of Issuance	98.54%
Current Level of Issuance	77.32%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,198,535,449
Number of Loan Agreements in the Portfolio	56
Average Loan Balance	39,259,562

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	150,381,542	6.8%	4	12
East Midlands	327,898,400	14.9%	6	50
London	351,209,736	16.0%	10	44
North East	0	0.0%	0	0
North West	195,799,112	8.9%	7	44
South East	531,066,081	24.2%	7	58
South West	351,476,395	16.0%	10	51
Wales	97,841,732	4.5%	6	40
West Midlands	190,722,077	8.7%	5	34
Yorkshire & The Humber	2,140,374	0.1%	1	1
Totals	2,198,535,449	100.0%	56	334

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	9	580,941,033
25 bps - <30 bps	10	584,932,057
30 bps - <40 bps	5	136,034,324
40 bps - <50 bps	6	102,632,609
50 bps - <60 bps	3	175,156,536
60 bps - <80 bps	1	12,438,763
80 bps - <100 bps	5	162,352,523
100 bps - <120 bps	4	80,135,263
120 bps - <140 bps	3	144,429,783
140 bps +	10	219,482,559
Total	56	2,198,535,449
Weighted average (bps)		58.78

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	22	260,245,382
500 units - <1,000 units	9	266,740,987
1,000 units - <2,000 units	11	574,262,493
2,000 units - <3,000 units	5	370,144,339
3,000 units - <4,000 units	1	33,156,881
4,000 units - <5,000 units	2	196,664,335
5,000 units - <10,000 units	4	283,851,235
10,000 units - <15,000 units	2	213,469,798
15,000 units - <20,000 units	0	0
20,000 units +	0	0
Total	56	2,198,535,449
Weighted average (units)		3,781

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	10	292,855,466
5 years - <10 years	9	267,264,344
10 years - <15 years	10	345,026,967
15 years - <20 years	9	349,459,311
20 years - <25 years	14	823,426,862
25 years - <30 years	4	120,502,499
30 years +	0	0
Total	56	2,198,535,449
Weighted average (years)		15.7

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	2	78,113,355
2010 - 2012	16	508,974,846
2012 - 2014	28	1,051,524,240
2014 - Present	10	559,923,008
Total	56	2,198,535,449
Weighted average (date)		Nov-2013

Rank	Balance	Percentage
1	189,211,348	8.61%
2	129,411,325	5.89%
3	112,244,739	5.11%
4	101,075,287	4.60%
5	101,022,165	4.59%
6	93,880,835	4.27%
7	84,529,776	3.84%
8	84,099,016	3.83%
9	76,334,443	3.47%
10	75,513,793	3.43%

Asset Cover Analysis at Calculation Date

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	1	1
105% - <110%	7	0	6
110% - <115%	1	1	12
115% - <120%	1	1	6
120% - <125%	0	1	10
125% - <130%	1	4	0
130% - <135%	0	2	0
135% - <140%	0	0	0
140% +	0	1	0
Total	10	11	35
			56

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	1	5
105% - <110%	0	0	2
110% - <115%	1	0	2
115% - <120%	0	0	0
120% - <125%	0	1	0
125% - <130%	1	1	2
130% - <135%	0	1	1
135% - <140%	1	0	1
140% +	7	7	22
Total	10	11	35
			56

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	10,002,190	302,827,889
105% - <110%	0	0	83,541,297
110% - <115%	50,319,350	0	73,345,576
115% - <120%	0	0	0
120% - <125%	0	9,228,262	0
125% - <130%	21,522,750	4,901,342	93,880,835
130% - <135%	0	34,690,625	129,411,325
135% - <140%	12,438,763	0	75,513,793
140% +	309,670,277	67,290,078	919,951,098
Total	393,951,140	126,112,496	1,678,471,812
			2,198,535,449

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.