

HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 4 2016

Date of Report 15-Dec-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	17,853,859
Principal GIC Sub-Account	521,879,567
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	539,733,426

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	77
Transaction Account Total	77

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	1,034,288,714
Capital Account - Addison Social Housing LLP	0
Total	1,034,288,714

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	1,510,145,789
B = Unapplied Principal Receipts	21,879,567
C = Unapplied Cash Capital Contributions	500,000,000
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	26,304,604

Total: A+B+C+D+E-X **2,005,720,752**

Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	PASS
Asset Percentage	71.47%
Maximum Level of Issuance	94.92%
Current Level of Issuance	56.79%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,112,995,991
Number of Loan Agreements in the Portfolio	53
Average Loan Balance	39,867,849

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	143,364,833	6.8%	4	10
East Midlands	333,569,295	15.8%	6	48
London	387,906,402	18.4%	10	45
North East	0	0.0%	0	0
North West	195,784,427	9.3%	7	44
South East	418,423,144	19.8%	5	50
South West	345,058,199	16.3%	10	48
Wales	96,668,527	4.6%	5	36
West Midlands	190,081,997	9.0%	5	32
Yorkshire & The Humber	2,139,167	0.1%	1	1
Totals	2,112,995,991	100.0%	53	314

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	7	455,544,288
25 bps - <30 bps	10	621,959,909
30 bps - <40 bps	5	135,692,781
40 bps - <50 bps	5	96,556,972
50 bps - <60 bps	4	180,339,756
60 bps - <80 bps	1	11,833,725
80 bps - <100 bps	4	161,910,471
100 bps - <120 bps	4	88,633,511
120 bps - <140 bps	3	140,870,936
140 bps +	10	219,653,641
Total	53	2,112,995,991
Weighted average (bps)		60.83

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	21	254,860,768
500 units - <1,000 units	8	276,832,662
1,000 units - <2,000 units	10	493,855,565
2,000 units - <3,000 units	5	369,816,523
3,000 units - <4,000 units	1	33,318,618
4,000 units - <5,000 units	2	196,636,179
5,000 units - <10,000 units	4	274,319,472
10,000 units - <15,000 units	2	213,356,204
15,000 units - <20,000 units	0	0
20,000 units +	0	0
Total	53	2,112,995,991
Weighted average (units)		3,823

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	12	462,314,741
5 years - <10 years	8	160,944,063
10 years - <15 years	6	175,189,160
15 years - <20 years	8	320,486,090
20 years - <25 years	15	880,970,464
25 years - <30 years	4	113,091,472
30 years +	0	0
Total	53	2,112,995,991
Weighted average (years)		15.0

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	1	26,770,298
2010 - 2012	15	477,938,309
2012 - 2014	22	808,623,947
2014 - 2016	15	799,663,436
Total	53	2,112,995,991
Weighted average (date)		Feb-2014

Rank	Balance	Percentage
1	189,099,056	8.95%
2	138,022,897	6.53%
3	129,385,403	6.12%
4	101,061,822	4.78%
5	93,863,213	4.44%
6	84,507,275	4.00%
7	80,529,147	3.81%
8	78,843,116	3.73%
9	76,328,898	3.61%
10	75,510,723	3.57%

Asset Cover Analysis at Calculation Date

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	0	1
105% - <110%	7	0	4
110% - <115%	1	1	13
115% - <120%	1	1	6
120% - <125%	0	1	9
125% - <130%	1	4	0
130% - <135%	0	2	0
135% - <140%	0	0	0
140% +	0	1	0
Total	10	10	33
			53

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	0	4
105% - <110%	0	0	4
110% - <115%	1	0	1
115% - <120%	0	0	0
120% - <125%	0	2	0
125% - <130%	1	0	2
130% - <135%	0	1	1
135% - <140%	0	0	1
140% +	8	7	20
Total	10	10	33
			53

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed-funded
100% - <105%	0	0	254,706,783
105% - <110%	0	0	162,371,262
110% - <115%	50,330,771	0	50,670,524
115% - <120%	0	0	0
120% - <125%	0	14,129,574	0
125% - <130%	21,517,202	0	93,863,213
130% - <135%	0	34,627,914	129,385,403
135% - <140%	0	0	75,510,723
140% +	318,093,394	67,288,582	840,500,645
Total	389,941,367	116,046,070	1,607,008,554
			2,112,995,991

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.