

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 1 2017**

**Date of Report** 15-Mar-2017

**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	17,417,856
Principal GIC Sub-Account	227,389,804
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>244,807,660</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	78
<b>Transaction Account Total</b>	<b>78</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	1,090,461,569
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>1,090,461,569</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	1,698,337,681
B = Unapplied Principal Receipts	227,389,804
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	25,414,152

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**Total: A+B+C+D+E-X** **1,900,313,333**

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Principal Amount Outstanding	1,200,000,000
Asset Coverage Test	<b>PASS</b>
Asset Percentage	81.87%
Maximum Level of Issuance	91.61%
Current Level of Issuance	57.85%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	2,074,432,248
Number of Loan Agreements in the Portfolio	53
Average Loan Balance	39,140,231

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	144,758,021	7.0%	4	10
East Midlands	342,722,463	16.5%	6	55
London	384,263,017	18.5%	10	46
North East	0	0.0%	0	0
North West	192,707,693	9.3%	7	43
South East	406,214,030	19.6%	5	50
South West	311,465,496	15.0%	10	45
Wales	95,126,055	4.6%	5	35
West Midlands	195,037,513	9.4%	5	34
Yorkshire & The Humber	2,137,960	0.1%	1	1
<b>Totals</b>	<b>2,074,432,248</b>	<b>100.0%</b>	<b>53</b>	<b>319</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	5	427,832,498
25 bps - <30 bps	10	565,201,983
30 bps - <40 bps	5	135,525,441
40 bps - <50 bps	7	127,707,377
50 bps - <60 bps	3	174,564,489
60 bps - <80 bps	1	11,832,671
80 bps - <100 bps	4	161,393,029
100 bps - <120 bps	4	103,052,356
120 bps - <140 bps	4	148,310,034
140 bps +	10	219,012,370
<b>Total</b>	<b>53</b>	<b>2,074,432,248</b>
<b>Weighted average (bps)</b>		<b>62.72</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	20	254,804,110
500 units - <1,000 units	8	269,570,989
1,000 units - <2,000 units	11	498,662,633
2,000 units - <3,000 units	5	347,900,103
3,000 units - <4,000 units	1	22,096,881
4,000 units - <5,000 units	2	196,608,861
5,000 units - <10,000 units	4	271,351,825
10,000 units - <15,000 units	2	213,436,845
15,000 units - <20,000 units	0	0
20,000 units +	0	0
<b>Total</b>	<b>53</b>	<b>2,074,432,248</b>
<b>Weighted average (units)</b>		<b>3,842</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	14	482,373,546
5 years - <10 years	8	187,959,368
10 years - <15 years	6	171,525,186
15 years - <20 years	9	509,147,630
20 years - <25 years	14	637,600,102
25 years - <30 years	2	85,826,418
30 years +	0	0
<b>Total</b>	<b>53</b>	<b>2,074,432,248</b>
<b>Weighted average (years)</b>		<b>13.9</b>

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	1	26,767,801
2010 - 2012	12	391,900,023
2012 - 2014	20	660,519,433
2014 - 2016	20	995,244,991
<b>Total</b>	<b>53</b>	<b>2,074,432,248</b>
<b>Weighted average (date)</b>		<b>Jun-2014</b>

Rank	Balance	Percentage
1	189,181,626	9.12%
2	135,032,836	6.51%
3	129,360,492	6.24%
4	98,447,843	4.75%
5	93,848,387	4.52%
6	88,252,512	4.25%
7	84,496,307	4.07%
8	80,516,166	3.88%
9	75,492,569	3.64%
10	75,367,230	3.63%

**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	12
115% - <120%	1	1	6
120% - <125%	0	1	9
125% - <130%	1	5	0
130% - <135%	0	2	0
135% - <140%	0	0	0
140% +	0	1	0
<b>Total</b>	<b>10</b>	<b>11</b>	<b>32</b>
			<b>53</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	6
105% - <110%	0	0	4
110% - <115%	0	0	1
115% - <120%	0	0	0
120% - <125%	1	1	0
125% - <130%	1	1	2
130% - <135%	0	1	1
135% - <140%	0	0	1
140% +	8	8	17
<b>Total</b>	<b>10</b>	<b>11</b>	<b>32</b>
			<b>53</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	406,229,498
105% - <110%	0	0	157,649,193
110% - <115%	0	0	50,667,922
115% - <120%	0	0	0
120% - <125%	47,774,393	4,901,311	0
125% - <130%	21,514,803	8,824,870	93,848,387
130% - <135%	0	34,598,123	129,360,492
135% - <140%	0	0	75,492,569
140% +	285,236,415	73,174,532	685,159,738
<b>Total</b>	<b>354,525,611</b>	<b>121,498,836</b>	<b>1,598,407,800</b>
			<b>2,074,432,248</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.