

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 2 2017**

**Date of Report** 15-Jun-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	16,313,013
Principal GIC Sub-Account	26,829,917
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>43,142,930</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	79
<b>Transaction Account Total</b>	<b>79</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	911,089,101
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>911,089,101</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	1,654,336,769
B = Unapplied Principal Receipts	26,829,917
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	24,503,913

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**Total: A+B+C+D+E-X** **1,656,662,773**

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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	81.99%
Current Level of Issuance	59.39%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	2,020,687,393
Number of Loan Agreements in the Portfolio	53
Average Loan Balance	38,126,177

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	138,864,430	6.9%	4	9
East Midlands	338,796,030	16.8%	6	48
London	317,269,278	15.7%	10	42
North East	0	0.0%	0	0
North West	189,416,388	9.4%	7	42
South East	444,073,052	22.0%	5	50
South West	310,390,308	15.4%	10	44
Wales	94,410,206	4.7%	5	35
West Midlands	185,327,327	9.2%	5	32
Yorkshire & The Humber	2,140,374	0.1%	1	1
<b>Totals</b>	<b>2,020,687,393</b>	<b>100.0%</b>	<b>53</b>	<b>303</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	7	460,874,685
25 bps - <30 bps	10	567,132,087
30 bps - <40 bps	5	76,309,578
40 bps - <50 bps	7	126,439,632
50 bps - <60 bps	2	152,812,853
60 bps - <80 bps	1	11,836,887
80 bps - <100 bps	4	161,048,237
100 bps - <120 bps	3	97,881,782
120 bps - <140 bps	4	148,327,933
140 bps +	10	218,023,719
<b>Total</b>	<b>53</b>	<b>2,020,687,393</b>
<b>Weighted average (bps)</b>		<b>63.14</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	19	546,308,403
500 units - <1,000 units	10	455,506,103
1,000 units - <2,000 units	8	248,552,441
2,000 units - <3,000 units	6	226,947,419
3,000 units - <4,000 units	4	214,727,373
4,000 units - <5,000 units	2	130,042,429
5,000 units - <10,000 units	2	160,212,364
10,000 units - <15,000 units	2	38,390,861
15,000 units - <20,000 units	0	0
20,000 units +	0	0
<b>Total</b>	<b>53</b>	<b>2,020,687,393</b>
<b>Weighted average (units)</b>		<b>2,265</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	14	340,482,843
5 years - <10 years	8	246,289,679
10 years - <15 years	6	165,920,709
15 years - <20 years	11	573,678,493
20 years - <25 years	14	694,315,669
25 years - <30 years	0	0
30 years +	0	0
<b>Total</b>	<b>53</b>	<b>2,020,687,393</b>
<b>Weighted average (years)</b>		<b>14.3</b>

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	1	26,768,340
2010 - 2012	10	348,466,426
2012 - 2014	18	632,523,352
2014 - 2016	24	1,012,929,275
<b>Total</b>	<b>53</b>	<b>2,020,687,393</b>
<b>Weighted average (date)</b>		<b>Jul-2014</b>

Rank	Balance	Percentage
1	228,099,222	11.29%
2	135,028,700	6.68%
3	125,141,138	6.19%
4	92,959,801	4.60%
5	88,867,481	4.40%
6	87,714,112	4.34%
7	84,504,049	4.18%
8	80,521,088	3.98%
9	75,510,683	3.74%
10	74,149,735	3.67%

**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	3
105% - <110%	4	0	5
110% - <115%	3	1	12
115% - <120%	4	1	2
120% - <125%	1	3	8
125% - <130%	0	5	0
130% - <135%	0	1	0
135% - <140%	0	0	0
140% +	0	0	0
<b>Total</b>	<b>12</b>	<b>11</b>	<b>30</b>
			<b>53</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	11
105% - <110%	0	0	4
110% - <115%	0	0	1
115% - <120%	0	0	1
120% - <125%	3	0	0
125% - <130%	2	0	1
130% - <135%	0	1	0
135% - <140%	0	1	1
140% +	7	9	11
<b>Total</b>	<b>12</b>	<b>11</b>	<b>30</b>
			<b>53</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	602,055,066
105% - <110%	0	0	159,740,529
110% - <115%	0	0	84,504,049
115% - <120%	0	0	50,672,036
120% - <125%	135,499,438	0	0
125% - <130%	37,598,751	0	68,308,805
130% - <135%	0	4,901,292	0
135% - <140%	0	8,827,033	125,141,138
140% +	268,348,268	101,892,000	373,198,990
<b>Total</b>	<b>441,446,457</b>	<b>115,620,324</b>	<b>1,463,620,611</b>
			<b>2,020,687,393</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.