

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 3 2017**

**Date of Report** 15-Sep-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	16,209,893
Principal GIC Sub-Account	244,067,496
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>260,277,389</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	80
<b>Transaction Account Total</b>	<b>80</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	930,843,249
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>930,843,249</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	1,553,815,125
B = Unapplied Principal Receipts	244,067,496
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	23,593,673

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**Total: A+B+C+D+E-X** **1,774,288,947**

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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	93.49%
Current Level of Issuance	63.23%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	1,897,905,368
Number of Loan Agreements in the Portfolio	50
Average Loan Balance	37,958,107

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	134,502,112	7.1%	4	10
East Midlands	336,031,343	17.7%	6	47
London	289,702,717	15.3%	8	35
North East	0	0.0%	0	0
North West	189,452,942	10.0%	7	41
South East	362,357,750	19.1%	5	46
South West	308,308,675	16.2%	10	43
Wales	94,027,168	5.0%	5	35
West Midlands	181,382,287	9.6%	4	30
Yorkshire & The Humber	2,140,374	0.1%	1	1
<b>Totals</b>	<b>1,897,905,368</b>	<b>100.0%</b>	<b>50</b>	<b>288</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	4	297,053,022
25 bps - <30 bps	10	574,470,025
30 bps - <40 bps	6	140,520,033
40 bps - <50 bps	7	126,460,922
50 bps - <60 bps	2	149,554,747
60 bps - <80 bps	1	11,836,887
80 bps - <100 bps	4	160,685,090
100 bps - <120 bps	3	95,896,470
120 bps - <140 bps	3	138,358,925
140 bps +	10	203,069,247
<b>Total</b>	<b>50</b>	<b>1,897,905,368</b>
<b>Weighted average (bps)</b>		<b>64.12</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	16	304,493,019
500 units - <1,000 units	9	433,305,962
1,000 units - <2,000 units	7	235,474,339
2,000 units - <3,000 units	6	222,987,207
3,000 units - <4,000 units	4	214,777,644
4,000 units - <5,000 units	2	129,942,876
5,000 units - <10,000 units	4	318,527,236
10,000 units - <15,000 units	2	38,397,085
15,000 units - <20,000 units	0	0
20,000 units +	0	0
<b>Total</b>	<b>50</b>	<b>1,897,905,368</b>
<b>Weighted average (units)</b>		<b>2,814</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	11	344,022,105
5 years - <10 years	8	242,211,758
10 years - <15 years	6	187,237,806
15 years - <20 years	12	539,643,836
20 years - <25 years	13	584,789,862
25 years - <30 years	0	0
30 years +	0	0
<b>Total</b>	<b>50</b>	<b>1,897,905,368</b>
<b>Weighted average (years)</b>		<b>13.8</b>

Last Valuation	No. Facilities	Balance
2006 - 2008	0	0
2008 - 2010	1	26,770,096
2010 - 2012	10	343,199,513
2012 - 2014	14	446,169,604
2014 - 2016	24	1,046,593,211
<b>Total</b>	<b>50</b>	<b>1,897,905,368</b>
<b>Weighted average (date)</b>		<b>Sep-2014</b>

Rank	Balance	Percentage
1	150,156,146	7.91%
2	135,044,517	7.12%
3	125,166,463	6.59%
4	91,603,528	4.83%
5	87,739,711	4.62%
6	86,872,017	4.58%
7	84,531,152	4.45%
8	80,557,868	4.24%
9	75,537,659	3.98%
10	70,522,209	3.72%

**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	2
105% - <110%	4	0	5
110% - <115%	2	1	12
115% - <120%	4	1	3
120% - <125%	0	2	8
125% - <130%	0	4	1
130% - <135%	0	1	0
135% - <140%	0	0	0
140% +	0	0	0
<b>Total</b>	<b>10</b>	<b>9</b>	<b>31</b>
			<b>50</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	1
110% - <115%	0	0	2
115% - <120%	0	0	1
120% - <125%	1	0	0
125% - <130%	2	0	1
130% - <135%	0	0	1
135% - <140%	0	2	2
140% +	7	7	17
<b>Total</b>	<b>10</b>	<b>9</b>	<b>31</b>
			<b>50</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded
100% - <105%	0	0	255,925,877
105% - <110%	0	0	75,537,659
110% - <115%	0	0	70,166,960
115% - <120%	0	0	50,281,357
120% - <125%	47,789,447	0	0
125% - <130%	109,252,509	0	84,531,152
130% - <135%	0	0	16,028,063
135% - <140%	0	13,606,690	75,106,269
140% +	267,912,584	74,487,914	757,278,888
<b>Total</b>	<b>424,954,540</b>	<b>88,094,604</b>	<b>1,384,856,224</b>
			<b>1,897,905,368</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.