

**HBOS COVERED BONDS LLP MONTHLY REPORT**

Date of Report: 16 April 2009

For period from 1st March 2009 to 31st March 2009

**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
Bank Account Provider	Bank of Scotland plc

**Asset Coverage Test**

A =	<b>£41,817,645,720.87</b>	The Adjusted Current Balance
B =	<b>£ 1,117,242,178.15</b>	Principal Receipts that have not been applied to acquire further Loans or otherwise applied in accordance with the Transaction Documents.
C =	<b>£ 1,515,815,326.90</b>	Cash Capital Contributions made by the Members or proceeds of Term Advances that have not been applied to acquire Further Loans or otherwise applied in accordance with the Transaction Documents.
D =	<b>£0.00</b>	Outstanding principal balance of any Substitution Assets.
E =	<b>£ -</b>	Amount of any Sale Proceeds standing to the credit of the GIC Account and credited to the Pre-Maturity Liquidity Ledger.
X =	<b>£ 2,619,042,623.03</b>	5% of the aggregate Current Balance of the Loans in the Portfolio, on the relevant Calculation Date.
Y =	<b>£19,162,960.84</b>	8% (cost of refinancing the amount drawn) multiplied by the Flexible redraw capacity, (the excess of the Maximum amount that Borrowers may draw under Flexible Loans in the Portfolio (whether or not drawn) as determined, and the Aggregate Current Balance of all Flexible Loans in the Portfolio) multiplied by 3.
Z =	<b>£1,072,401,892.03</b>	Weighted average maturity of all Covered Bonds outstanding, multiplied by Sterling Equivalent of the aggregate Principal Amount Outstanding of the Covered Bonds multiplied by 0.65%
Total: A+B+C+D+E-(X+Y+Z)	<b>£40,740,095,750.02</b>	
	<b>PASS</b>	Pass / Fail
Method Used for Calculating "A" Asset Percentage	<b>A(i) 92.50%</b>	A (i) Adjusted Current Balance less Deemed Reductions / A (ii) Aggregate Current Balance less Deemed Reductions multiplied by the Asset Percentage
Amount of Credit Support	<b>£3,142,572,154.99</b>	Result of the overcollateralisation in the Asset Coverage Test

**Portfolio Characteristics**

Total Outstanding Current Balance of Mortgages in the Portfolio	£51,939,246,356.72
Number of Mortgages in Pool	513,565
Average Loan Balance	£101,134.71
Weighted Average Current LTV	63.55%

Range of current LTV ratios at end of the reporting period*	Aggregate outstanding Balance	% of Total	Number	% of Total
0 - 30%	£ 4,093,160,387.04	7.88%	112,698	21.94%
30 - 35%	£ 1,762,038,483.18	3.39%	27,421	5.34%
35 - 40%	£ 2,121,694,657.15	4.08%	28,822	5.61%
40 - 45%	£ 2,495,841,833.66	4.81%	29,712	5.79%
45 - 50%	£ 2,883,610,277.77	5.55%	30,444	5.93%
50 - 55%	£ 3,286,159,212.65	6.33%	31,125	6.06%
55 - 60%	£ 3,707,071,526.85	7.14%	31,809	6.19%
60 - 65%	£ 4,107,203,641.09	7.91%	32,238	6.28%
65 - 70%	£ 4,546,114,570.43	8.75%	33,147	6.45%
70 - 75%	£ 5,536,394,733.22	10.66%	37,815	7.36%
75 - 80%	£ 4,685,519,864.74	9.02%	31,316	6.10%
80 - 85%	£ 4,044,956,399.62	7.79%	27,012	5.26%
85 - 90%	£ 4,529,820,790.33	8.72%	29,818	5.81%
90 - 95%	£ 2,705,471,832.18	5.21%	18,568	3.62%
95 - 100%	£ 1,133,458,656.23	2.18%	9,392	1.83%
100% +	£ 300,729,490.58	0.58%	2,228	0.43%
<b>Totals</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

\*including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and using Latest **(non-indexed)** Valuation

**Cash Ledgers**

Revenue Ledger	£ -
Principal Ledger	£ 516,134,927.05
Reserve Ledger	£ -
Pre-Maturity Liquidity Ledger	£ 2,116,922,578.00
Capital Account Ledger - Cash Capital Contributions	£ -
<b>Total</b>	<b>£ 2,633,057,505.05</b>

GIC Account	£ 2,633,057,505.05
Transaction Account	£ -
Authorised Investments / Substitution Assets	£ -
<b>Total</b>	<b>£ 2,633,057,505.05</b>

**LLP Balance Sheet**

Cash	£ 2,633,057,505.05
Mortgages	£ 51,939,246,356.72
Authorised Investments / Substitution Assets	£ -
<b>Total</b>	<b>£ 54,572,303,861.77</b>

Capital Account Ledger - Bank of Scotland	£ 16,974,780,266.74
Capital Account Ledger - Connery Ltd	£ -
Intercompany Loan Outstanding	£ 37,597,523,595.03
<b>Total</b>	<b>£ 54,572,303,861.77</b>

Credit Ratings	Short Term (Moody's, S&P, Fitch)	Long Term (Moody's, S&P, Fitch)
Bank of Scotland plc	P-1, A-1, F1+	Aa3,A+,AA-

As of the 6/3/09 The Bank of Scotlands Credit Ratings with S&P were downgraded Short Term to A-1 and Long term to A+. The Pre-Maturity Liquidity Ledger has been credited with the Required Redemption Amounts in accordance with the Pre-Maturity Test

HBOS Event of Default?	<b>NO</b>
LLP Event of Default?	<b>NO</b>

## Pool Assets Analysis

A very small number of loans were repurchased from the Trust by the Seller during the period, for being in breach of the representations and warranties under the Mortgage Sale Agreement.

### Rates applicable during the period

Current HVR1 rate	4.00%
Current HVR2 rate	3.90%
Current Flexible Variable rate	3.90%

Yield net of Funding Swaps over 1 Month Sterling LIBOR

Month	Yield
March 2009	0.60639%
February 2009	0.60412%
January 2008	0.63466%

### Arrears & Possessions

Months in arrears	Aggregate outstanding balance	% of Total	Aggregate amount of Arrears	Number of accounts	% of Total
Current - < 1 month	£ 50,578,499,215.01	97.38%	£ 2,059,911.93	501,912	97.73%
1 - < 2 months	£ 572,446,707.18	1.10%	£ 4,100,261.83	5,103	0.99%
2 - < 3 months	£ 222,470,766.16	0.43%	£ 2,976,386.97	1,934	0.38%
3 - < 6 months	£ 330,584,312.84	0.64%	£ 7,499,831.34	2,683	0.52%
6 - < 12 months	£ 188,902,935.13	0.36%	£ 8,631,896.05	1,558	0.30%
>= 12 months	£ 46,342,420.40	0.09%	£ 4,032,981.32	375	0.07%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>£ 29,301,269.44</b>	<b>513,565</b>	<b>100.00%</b>

Range of LTV ratios at end of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
0 - 30%	£ 3,723,105,896.50	7.17%	115,004	22.39%
30 - 35%	£ 1,465,560,796.10	2.82%	25,457	4.96%
35 - 40%	£ 1,712,310,137.00	3.30%	25,449	4.96%
40 - 45%	£ 1,925,951,580.92	3.71%	25,209	4.91%
45 - 50%	£ 2,141,198,664.65	4.12%	24,488	4.77%
50 - 55%	£ 2,418,948,388.47	4.66%	24,880	4.84%
55 - 60%	£ 2,714,795,345.38	5.23%	25,233	4.91%
60 - 65%	£ 2,953,177,295.36	5.69%	25,325	4.93%
65 - 70%	£ 3,312,517,569.84	6.38%	25,999	5.06%
70 - 75%	£ 3,654,647,010.42	7.04%	26,842	5.23%
75 - 80%	£ 4,071,615,406.39	7.84%	28,209	5.49%
80 - 85%	£ 4,126,752,086.66	7.95%	27,332	5.32%
85 - 90%	£ 4,368,246,948.84	8.41%	27,937	5.44%
90 - 95%	£ 3,987,519,462.78	7.68%	25,457	4.96%
95 - 100%	£ 3,201,797,684.98	6.16%	20,860	4.06%
100% +	£ 6,161,102,082.43	11.86%	39,884	7.77%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

\*including capitalised interest, capitalised high LTV fees, insurance fees, booking fees and valuation fees and using indexed valuation.

The weighted average current LTV is:

71.34%

Region	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
London & South East	£ 16,194,090,092.90	31.18%	102,160	19.89%
Midlands & East Anglia	£ 10,494,240,654.38	20.20%	102,542	19.97%
North	£ 6,725,318,515.85	12.95%	86,820	16.91%
North West	£ 5,846,171,109.46	11.26%	71,525	13.93%
South Wales & West	£ 7,191,209,755.60	13.85%	69,367	13.51%
Scotland	£ 5,488,216,328.54	10.57%	81,151	15.80%
Unknown	£ -	0.00%	-	0.00%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

Age of loans in months	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
<6	£ 772,666,965.60	1.49%	5,522	1.08%
6 - <12	£ 4,687,876,069.06	9.03%	37,936	7.39%
12 - <18	£ 6,871,315,750.80	13.23%	51,486	10.03%
18 - <24	£ 9,353,985,131.38	18.01%	62,664	12.20%
24 - <30	£ 3,435,189,772.91	6.61%	27,008	5.26%
30 - <36	£ 4,987,744,489.34	9.60%	43,392	8.45%
36 - <42	£ 4,141,163,937.56	7.97%	38,767	7.55%
42 - <48	£ 3,181,429,823.33	6.13%	32,219	6.27%
48 - <54	£ 2,734,717,435.51	5.27%	29,688	5.78%
54 - <60	£ 1,969,932,760.56	3.79%	22,661	4.41%
60 - <66	£ 1,606,698,802.78	3.09%	19,824	3.86%
66 - <72	£ 1,767,858,317.09	3.40%	22,708	4.42%
>=72	£ 6,428,667,100.80	12.38%	119,690	23.31%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

The weighted average seasoning of the loans, in months, is:

39.46

Property type	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
Detached	£ 16,088,975,856.78	30.98%	118,746	23.12%
Semi-detached	£ 15,142,620,259.67	29.15%	168,941	32.90%
Terraced	£ 14,156,770,365.73	27.26%	160,908	31.33%
Other*	£ 6,550,879,874.54	12.61%	64,970	12.65%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

\*Primarily flats or maisonettes

Repayment terms	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
Repayment	£ 29,680,006,088.74	57.14%	357,572	69.63%
Interest-only	£ 22,259,240,267.98	42.86%	155,993	30.37%
<b>Total</b>	<b>£ 51,939,246,356.72</b>	<b>100.00%</b>	<b>513,565</b>	<b>100.00%</b>

### Special rate and flexible loans

Type of loan	Aggregate outstanding balance	% of Total	Number of holdings*	% of Total
Discounted variable rate loans	£ 292,930.99	0.00%	6	0.00%
Fixed rate loans	£ 29,394,187,287.48	68.09%	321,134	65.93%
Capped rate loans	£ -	0.00%	-	0.00%
Tracker rate loans	£ 13,524,493,825.09	31.33%	163,628	33.59%
Flexible loans	£ 251,205,976.85	0.58%	2,315	0.48%
<b>Total Special rate and flexible</b>	<b>£ 43,170,180,020.41</b>	<b>100.00%</b>	<b>487,083</b>	<b>100.00%</b>

## Notes Outstanding

Tranche	Closure	Issuance Amount	Rate	Expected Maturity	£ Equivalent	ISIN
1	25-Jul-2003	€ 3,000,000,000.00	3.750%	26-Jul-2010	£ 2,132,400,000.00	ISIN: XS0173128983
2	23-Oct-2003	€ 2,000,000,000.00	4.500%	23-Oct-2013	£ 1,392,600,000.00	ISIN: XS0178952650
4	4-Jun-2004	€ 1,250,000,000.00	4.875%	4-Jun-2019	£ 831,875,000.00	ISIN: XS0193640629
5	23-Sep-2004	€ 2,000,000,000.00	4.250%	23-Sep-2014	£ 1,360,544,218.00	ISIN: XS0201674594
6	13-Dec-2004	£ 500,000,000.00	4.930%	13-Dec-2014	£ 500,000,000.00	ISIN: XS0208047778
7	8-Feb-2005	€ 1,500,000,000.00	3.875%	7-Feb-2020	£ 1,038,000,000.00	ISIN: XS0212074388
9	15-Aug-2005	€ 644,850,000.00	6M Euribor Flat	10-Oct-2012	£ 446,881,050.00	ISIN: XS0226831799
10	15-Aug-2005	€ 189,100,000.00	3M Euribor Flat	30-Sep-2013	£ 131,046,300.00	ISIN: XS0226832250
11	15-Aug-2005	\$ 70,200,000.00	3M USD -0.01%	30-Sep-2013	£ 39,527,027.03	ISIN: XS0226831872
12	25-Nov-2005	£ 250,000,000.00	3M GBP Flat	26-Nov-2012	£ 250,000,000.00	ISIN: XS0236528385
13	25-Nov-2005	£ 200,000,000.00	3M GBP Flat	28-May-2013	£ 200,000,000.00	ISIN: XS0236528542
14	25-Nov-2005	£ 200,000,000.00	3M GBP Flat	25-Nov-2013	£ 200,000,000.00	ISIN: XS0236527817
15	25-Jan-2006	€ 2,000,000,000.00	3.250%	25-Jan-2013	£ 1,372,000,000.00	ISIN: XS0241851764
16	13-Jul-2006	€ 1,500,000,000.00	4.500%	13-Jul-2021	£ 1,041,750,000.00	ISIN: XS0260981658
17	13-Jul-2006	€ 1,500,000,000.00	4.375%	13-Jul-2016	£ 1,041,750,000.00	ISIN: XS0260981229
18	17-Nov-2006	€ 2,000,000,000.00	3.875%	15-Jan-2014	£ 1,345,000,000.00	ISIN: XS0275093473
19	21-Nov-2006	€ 2,000,000,000.00	5.000%	21-Nov-2011	£ 1,050,000,000.00	ISIN: XS0275460052
20	15-Dec-2006	£ 500,000,000.00	3M GBP - 0.02%	31-Jan-2012	£ 500,000,000.00	ISIN: XS0279552748
21	20-Feb-2007	£ 3,000,000,000.00	5.250%	21-Feb-2017	£ 1,520,000,000.00	ISIN: XS0286774483
22	8-Jun-2007	€ 1,250,000,000.00	4.625%	8-Jun-2017	£ 850,000,000.00	ISIN: XS0304458721
23	8-Jun-2007	€ 1,250,000,000.00	4.750%	8-Jun-2022	£ 850,000,000.00	ISIN: XS0304459026
24	10-Sep-2007	€ 2,000,000,000.00	4.500%	10-Sep-2010	£ 1,350,000,000.00	ISIN: XS0320438442
25	26-Oct-2007	€ 2,000,000,000.00	4.750%	26-Jan-2015	£ 1,396,000,000.00	ISIN: XS0327502224
26	18-Dec-2007	kr 4,680,000,000.00	6m DKK CIBOR + 0.29%	2-Jan-2018	£ 453,550,000.00	ISIN: DK0030075023
27	20-Dec-2007	€ 300,000,000.00	1M Euribor + 0.12%	22-Jun-2009	£ 214,000,000.00	ISIN: XS0337249428
28	18-Feb-2008	€ 780,000,000.00	3M Euribor + 0.23%	1-Mar-2011	£ 580,600,000.00	ISIN: XS0347466301
29	22-May-2008	£ 2,100,000,000.00	1M GBP Libor + 0.12%	22-Sep-2011	£ 2,100,000,000.00	ISIN: XS0366238375
30	27-May-2008	£ 1,900,000,000.00	1M GBP Libor + 0.12%	27-May-2009	£ 1,900,000,000.00	ISIN: XS0366238615
31	28-May-2008	£ 2,800,000,000.00	1M GBP Libor + 0.12%	16-Nov-2009	£ 2,800,000,000.00	ISIN: XS0366238961
32	5-Jun-2008	£ 2,800,000,000.00	1M GBP Libor + 0.12%	7-Mar-2011	£ 2,800,000,000.00	ISIN: XS0366237724
33	26-Sep-2008	£ 1,000,000,000.00	1M GBP Libor + 0.12%	26-Mar-2012	£ 1,000,000,000.00	ISIN: XS0390482213
34	26-Sep-2008	£ 500,000,000.00	1M GBP Libor + 0.12%	26-Mar-2010	£ 500,000,000.00	ISIN: XS0390478963
35	26-Sep-2008	£ 500,000,000.00	1M GBP Libor + 0.12%	26-Sep-2012	£ 500,000,000.00	ISIN: XS0390479185
36	26-Sep-2008	£ 500,000,000.00	1M GBP Libor + 0.12%	26-Mar-2012	£ 500,000,000.00	ISIN: XS0390479268
37	2-Oct-2008	£ 500,000,000.00	1M GBP Libor + 0.12%	22-May-2012	£ 500,000,000.00	ISIN: XS0391406591
38	2-Oct-2008	£ 410,000,000.00	1M GBP Libor + 0.12%	27-May-2014	£ 410,000,000.00	ISIN: XS0391406088
39	2-Oct-2008	£ 2,000,000,000.00	1M GBP Libor + 0.12%	27-Jul-2015	£ 2,000,000,000.00	ISIN: XS0391405783
40	2-Oct-2008	£ 500,000,000.00	1M GBP Libor + 0.12%	23-Aug-2017	£ 500,000,000.00	ISIN: XS0391405940
					£ 37,597,523,595.03	

## Contact Details - If you have any queries regarding this report please contact:-

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