

HBOS Covered Bonds LLP Monthly Report

Date of Report 16th April 2010

For Period from 1 Mar 2010 to 31 Mar 2010

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 =	£	34,697,027,204.66	The Adjusted Current Balance
B =	£	2,105,293,977.92	Principal Receipts that have not been applied to acquire further loans or otherwise applied in accordance with the Transaction Documents
C =	£	3,401,458,729.22	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 =	£	-	Outstanding Principal Balance of any Substitution Assets
E =	£	-	Amount of any Sale Proceeds standing to the credit of the GIC Account and credited to the Pre-maturity Liquidity Ledger
X =	£	2,309,136,092.38	5% of the aggregate Current Balance of the Loans in the Portfolio, on the relevant Calculation Date
Y =	£	18,738,579.52	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 =	£	875,204,032.11	Weighted Average Maturity of all Covered Bonds outstanding, multiplied by the 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)	£	37,000,701,207.79	
		PASS	Pass/Fail
Method Used for Calculation		A(ii)	A (i) Adjusted Current Balance less Deemed Reductions/ A(ii) Aggregate Current Balance less Deemed Reductions multiplied by the Asset Percentage
Asset Percentage		76.50%	
Amount of Credit Support		£4,050,562,612.76	Result of the Overcollateralisation in the Asset Coverage Test

**This asset percentage is the required level for a AAA rating from each Rating Agency, including a AAA rating on a Probability of Default (PD) only basis from Fitch. A rating of AAA from each Rating Agency would also be achieved using a lower level of over-collateralisation (a higher asset percentage 82.5).

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Portfolio Characteristics

Total Outstanding Current Balance of Mortgages in the Portfolio	£ 46,182,721,847.69
Number of Mortgages in Pool	466,839
Weighted Average Loan Balance	£ 177,959.12
Weighted Average Current LTV	64.59%

Range of LTV ratios at end of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	3,619,638,264.07	7.84%	105,650	22.63%
>= 30% - 34.99%	1,479,242,402.51	3.20%	24,015	5.14%
>= 35% - 39.99%	1,736,641,522.31	3.76%	24,638	5.28%
>= 40% - 44.99%	2,036,204,834.51	4.41%	25,403	5.44%
>= 45% - 49.99%	2,314,128,232.37	5.01%	25,750	5.52%
>= 50% - 54.99%	2,632,610,113.75	5.70%	26,197	5.61%
>= 55% - 59.99%	3,066,168,038.69	6.64%	27,487	5.89%
>= 60% - 64.99%	3,477,678,035.80	7.53%	28,552	6.12%
>= 65% - 69.99%	4,244,835,644.89	9.19%	31,744	6.80%
>= 70% - 74.99%	5,128,390,215.89	11.10%	35,591	7.62%
>= 75% - 79.99%	4,596,355,395.77	9.95%	31,671	6.78%
>= 80% - 84.99%	3,934,674,134.28	8.52%	26,265	5.63%
>= 85% - 89.99%	3,820,045,537.48	8.27%	25,192	5.40%
>= 90% - 94.99%	2,457,958,861.05	5.32%	16,964	3.63%
>= 95% - 99.99%	941,573,650.89	2.04%	7,276	1.56%
>= 100% - 104.99%	309,727,390.44	0.67%	2,098	0.45%
>= 105% - 109.99%	198,378,938.89	0.43%	1,220	0.26%
>= 110% - 114.99%	124,551,085.25	0.27%	747	0.16%
>= 115% - 119.99%	52,474,364.77	0.11%	301	0.06%
>= 120% - 124.99%	7,914,161.63	0.02%	44	0.01%
>=125%	3,531,022.45	0.01%	34	0.01%
Total	46,182,721,847.69	100.00%	466,839	100.00%

*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	£ 2,013,055,806.87
Reserve Ledger	£ 762,795,006.02
Pre-Maturity Liquidity Ledger	£ 3,493,696,900.27
Capital Account Ledger - Cash Capital Contribution	£ -
Total	£ 6,269,547,713.16

GIC Account	£ 6,269,547,713.16
Transaction Account	£ -
Authorised Investments/Substitution Assets	£ -
Total	£ 6,269,547,713.16

LLP Balance Sheet

Cash	£ 6,269,547,713.16
Mortgages	£ 46,182,721,847.69
Authorised Investments/Substitution Assets	£ -
Total	£ 52,452,269,560.85

Capital Account Ledger - Bank of Scotland	£ 19,502,130,965.82
Capital Account Ledger - Connery Ltd	£ -
Intercompany Loan Outstanding	£ 32,950,138,595.03
Total	£ 52,452,269,560.85

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 06/03/2009 Bank of Scotland plc's credit rating provided by S&P was downgraded to: Short Term A-1 and Long Term A+ Therefore in accordance with the Pre-Maturity Test, the Pre-Maturity Liquidity Ledger has been credited with the Required Redemption Amounts and in accordance with the Credit Structure, the Reserve Fund Required Amount has been credited to the Reserve Ledger

HBOS Event of Default	No
LLP Event of Default	No

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Pool Assets Analysis

A 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

Current Standard Variable Rates	Interest rate
HVR1	3.50%
HVR2	3.40%
Flexible Variable Rate	3.40%

Yield net of Interest Swaps over 1 Month Sterling Libor

Date	Yield
March 2010	0.77%
February 2010	0.74%
January 2010	0.74%

Arrears & Possessions

Months in arrears	Aggregate outstanding balance	% of Total	Aggregate amount of Arrears	Number of Accounts	% of Total
Less than 1 month	44,532,125,255.04	96.43%	1,651,695.88	453,118	97.06%
1 - 2 months	581,491,770.83	1.26%	3,625,726.07	5,053	1.08%
2 - 3 months	237,309,375.25	0.51%	2,932,398.48	2,050	0.44%
3 - 6 months	375,923,899.40	0.81%	8,093,400.29	3,099	0.66%
6 - 12 months	318,032,804.19	0.69%	13,464,861.54	2,525	0.54%
12 months +	137,838,742.98	0.30%	10,526,829.77	994	0.21%
Total	46,182,721,847.69	100.00%	40,294,912.03	466,839	100.00%

Range of LTV ratios at end of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	3,454,496,289.43	7.48%	108,840	23.31%
>= 30% - 34.99%	1,325,169,917.19	2.87%	22,878	4.90%
>= 35% - 39.99%	1,528,774,022.38	3.31%	22,732	4.87%
>= 40% - 44.99%	1,734,542,381.05	3.76%	22,525	4.83%
>= 45% - 49.99%	1,926,486,883.71	4.17%	22,069	4.73%
>= 50% - 54.99%	2,196,115,598.58	4.76%	22,289	4.77%
>= 55% - 59.99%	2,461,301,612.78	5.33%	22,734	4.87%
>= 60% - 64.99%	2,800,386,363.22	6.06%	23,487	5.03%
>= 65% - 69.99%	3,249,015,502.40	7.04%	25,002	5.36%
>= 70% - 74.99%	3,700,091,895.97	8.01%	26,949	5.77%
>= 75% - 79.99%	3,939,530,566.92	8.53%	27,538	5.90%
>= 80% - 84.99%	3,840,196,142.66	8.32%	25,923	5.55%
>= 85% - 89.99%	3,763,931,909.47	8.15%	24,583	5.27%
>= 90% - 94.99%	3,210,414,056.48	6.95%	21,527	4.61%
>= 95% - 99.99%	2,690,991,143.21	5.83%	18,376	3.94%
>= 100% - 104.99%	2,270,493,492.69	4.92%	15,330	3.28%
>= 105% - 109.99%	1,373,900,379.51	2.97%	9,274	1.99%
>= 110% - 114.99%	585,124,325.16	1.27%	3,812	0.82%
>= 115% - 119.99%	105,452,389.10	0.23%	799	0.17%
>= 120% - 124.99%	15,883,486.95	0.03%	109	0.02%
>= 125%	10,423,488.83	0.02%	63	0.01%
Total	46,182,721,847.69	100.00%	466,839	100.00%

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

The weighted average current LTV (Indexed Valuation) is 69.92%

Region	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
London & South East	14,159,419,515.42	30.66%	91,572	19.62%
Midlands & East Anglia	9,350,067,843.45	20.25%	93,316	19.99%
North	6,064,157,654.12	13.13%	79,598	17.05%
North West	5,252,504,998.72	11.37%	65,431	14.02%
Scotland & Northern Ireland	4,941,427,879.97	10.70%	74,074	15.87%
South Wales & West	6,378,661,500.52	13.81%	62,555	13.40%
Unknown	36,482,455.49	0.08%	293	0.06%
Total	46,182,721,847.69	100.00%	466,839	100.00%

Age of loans in months	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
0 months <6 months	0.00	0.00%	0	0.00%
6 months <12 months	0.00	0.00%	0	0.00%
12 months <18 months	722,774,531.40	1.57%	5,240	1.12%
18 months <24 months	4,397,270,093.17	9.52%	36,121	7.74%
24 months <30 months	6,233,112,990.44	13.50%	47,901	10.26%
30 months <36 months	7,920,460,912.99	17.15%	55,073	11.80%
36 months <42 months	3,110,451,191.33	6.74%	25,097	5.38%
42 months <48 months	4,510,301,228.32	9.77%	40,156	8.60%
48 months <54 months	3,736,109,758.34	8.09%	35,699	7.65%
54 months <60 months	2,878,900,864.25	6.23%	29,839	6.39%
60 months <66 months	2,361,575,500.89	5.11%	26,136	5.60%
66 months <72 months	1,706,743,474.74	3.70%	20,106	4.31%
>=72 Months	8,605,021,301.82	18.63%	145,471	31.16%
Total	46,182,721,847.69	100.00%	466,839	100.00%

The weighted average seasoning of the loans is 51.16 Months

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Property type	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Detached	14,072,706,919.61	30.47%	106,148	22.74%
Semi-Detached	13,541,949,062.75	29.32%	153,883	32.96%
Terraced	12,692,488,180.17	27.48%	147,443	31.58%
Other*	5,875,577,685.16	12.72%	59,365	12.72%
Total	46,182,721,847.69	100.00%	466,839	100.00%

*Primarily flats & Maisonettes

Repayment terms	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Interest only	20,146,510,374.77	43.62%	142,260	30.47%
Repayment	26,036,211,472.92	56.38%	324,579	69.53%
Total	46,182,721,847.69	100.00%	466,839	100.00%

Special rate and flexible loans

Type of Loan	Aggregate outstanding IBB balance	% of Total	Number of holdings*	% of Total
Discounted variable rate loans	848,537,811.20	1.84%	6,269	1.08%
Fixed rate loans	17,959,995,634.85	39.02%	230,866	39.69%
Tracker rate loans	9,210,700,132.67	20.01%	123,774	21.28%
Loans on Standard Variable Rate	18,014,234,915.62	39.13%	220,723	37.95%
Total	46,033,468,494.34	100.00%	581,632	100.00%

*An account may have more than one product holding.

Flexible loans	219,432,531.30	0.48%	2,108	0.45%
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Notes Outstanding

Tranche	Closure Date	Issuance Amount	Rate	Expected Maturity Date	Sterling equivalent	ISIN
1	25-Jul-2003	€ 3,000,000,000.00	3.750%	26-Jul-10	£ 2,132,400,000	ISIN: XS0173128983
2	23-Oct-2003	€ 2,000,000,000.00	4.500%	23-Oct-13	£ 1,392,600,000	ISIN: XS0178952650
4	4-Jun-2004	€ 1,250,000,000.00	4.875%	04-Jun-19	£ 831,875,000	ISIN: XS0193640629
5	23-Sep-2004	€ 2,000,000,000.00	4.250%	23-Sep-14	£ 1,360,544,218	ISIN: XS0201674594
6	13-Dec-2004	£ 500,000,000.00	4.930%	13-Dec-14	£ 500,000,000	ISIN: XS0208047778
7	8-Feb-2005	€ 1,500,000,000.00	3.875%	07-Feb-20	£ 1,038,000,000	ISIN: XS0212074388
9	15-Aug-2005	€ 644,850,000.00	6M Euribor Flat	10-Oct-12	£ 446,881,050	ISIN: XS0226831799
10	15-Aug-2005	€ 189,100,000.00	3M Euribor Flat	30-Sep-13	£ 131,046,300	ISIN: XS0226832250
11	15-Aug-2005	\$ 70,200,000.00	3M USD -0.01%	30-Sep-13	£ 39,527,027	ISIN: XS0226831872
12	25-Nov-2005	£ 250,000,000.00	3M GBP Flat	26-Nov-12	£ 250,000,000	ISIN: XS0236528385
13	25-Nov-2005	£ 200,000,000.00	3M GBP Flat	28-May-13	£ 200,000,000	ISIN: XS0236528542
14	25-Nov-2005	£ 200,000,000.00	3M GBP Flat	25-Nov-13	£ 200,000,000	ISIN: XS0236527817
15	25-Jan-2006	€ 2,000,000,000.00	3.250%	25-Jan-13	£ 1,372,000,000	ISIN: XS0241851764
16	13-Jul-2006	€ 1,500,000,000.00	4.500%	13-Jul-21	£ 1,041,750,000	ISIN: XS0260981658
17	13-Jul-2006	€ 1,500,000,000.00	4.375%	13-Jul-16	£ 1,041,750,000	ISIN: XS0260981229
18	17-Nov-2006	€ 2,000,000,000.00	3.875%	15-Jan-14	£ 1,345,000,000	ISIN: XS0275093473
19	21-Nov-2006	\$ 2,000,000,000.00	5.000%	21-Nov-11	£ 1,050,000,000	ISIN: XS0275460052
20	15-Dec-2006	£ 500,000,000.00	3M GBP - 0.02%	31-Jan-12	£ 500,000,000	ISIN: XS0279552748
21	20-Feb-2007	\$ 3,000,000,000.00	5.250%	21-Feb-17	£ 1,520,000,000	ISIN: XS0286774483
22	8-Jun-2007	€ 1,250,000,000.00	4.625%	08-Jun-17	£ 850,000,000	ISIN: XS0304458721
23	8-Jun-2007	€ 1,250,000,000.00	4.750%	08-Jun-22	£ 850,000,000	ISIN: XS0304459026
24	10-Sep-2007	€ 2,000,000,000.00	4.500%	10-Sep-10	£ 1,350,000,000	ISIN: XS0320438442
25	26-Oct-2007	€ 2,000,000,000.00	4.750%	26-Jan-15	£ 1,396,000,000	ISIN: XS0327502224
26	18-Dec-2007	kr 4,680,000,000.00	6m DKK CIBOR + 0.29%	02-Jan-18	£ 453,550,000	ISIN: DK0030075023
28	18-Feb-2008	€ 780,000,000.00	3m Euribor + 0.23%	01-Mar-11	£ 580,600,000	ISIN: XS0347466301
29	22-May-2008	£ 2,100,000,000.00	1m GBP LIBOR + 0.12%	22-Sep-11	£ 2,100,000,000	ISIN: XS0366238375
32	5-Jun-2008	£ 2,800,000,000.00	1m GBP LIBOR + 0.12%	07-Mar-11	£ 2,800,000,000	ISIN: XS0366237724
33	26-Sep-2008	£ 1,000,000,000.00	1m GBP LIBOR + 0.12%	26-Mar-12	£ 1,000,000,000	ISIN: XS0390482213
35	26-Sep-2008	£ 500,000,000.00	1m GBP LIBOR + 0.12%	26-Sep-12	£ 500,000,000	ISIN: XS0390479185
36	26-Sep-2008	£ 500,000,000.00	1m GBP LIBOR + 0.12%	26-Mar-12	£ 500,000,000	ISIN: XS0390479268
37	2-Oct-2008	£ 500,000,000.00	1m GBP LIBOR + 0.12%	22-May-12	£ 500,000,000	ISIN: XS0391406591
38	2-Oct-2008	£ 410,000,000.00	1m GBP LIBOR + 0.12%	27-May-14	£ 410,000,000	ISIN: XS0391406088
39	2-Oct-2008	£ 2,000,000,000.00	1m GBP LIBOR + 0.12%	27-Jul-15	£ 2,000,000,000	ISIN: XS0391405783
40	2-Oct-2008	£ 500,000,000.00	1m GBP LIBOR + 0.12%	23-Aug-17	£ 500,000,000	ISIN: XS0391405940
41	24-Mar-2010	€ 850,000,000.00	3M Euribor + 0.95%	24-Mar-16	£ 766,615,000	ISIN: XS0496583468
					£ 32,950,138,595	

Contact details and report distribution channels

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