

HBOS Covered Bonds LLP Monthly Report

Date of Report 16th September 2011

For Period from 1st August 2011 to 31st August 2011

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 =	£	26,100,407,905.66	The Adjusted Current Balance
B =	£	5,718,071,717.53	Principal Receipts that have not been applied to acquire further loans or otherwise applied in accordance with the Transaction Documents
C =	£	-	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 =	£	1,870,073,492.77	5% of the aggregate Current Balance of the Loans in the Portfolio, on the relevant Calculation Date
Y =	£	17,593,378.46	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 =	£	767,991,009.23	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)	£	29,162,821,742.72	
		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		70.00%	
Amount of Credit Support		£475,683,147.69	Result of the Overcollateralisation in the Asset Coverage Test

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Portfolio Characteristics

Total Outstanding Current Balance of Mortgages in the Portfolio £ 37,401,469,855.42
 Number of Mortgages in Pool 392,655

Range of LTV ratios at end of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	3,092,931,142.99	8.27%	94,106	23.97%
>= 30% - 34.99%	1,201,318,831.76	3.21%	20,255	5.16%
>= 35% - 39.99%	1,371,669,602.52	3.67%	20,167	5.14%
>= 40% - 44.99%	1,605,034,002.99	4.29%	20,787	5.29%
>= 45% - 49.99%	1,805,678,255.70	4.83%	20,867	5.31%
>= 50% - 54.99%	2,146,418,569.46	5.74%	21,843	5.56%
>= 55% - 59.99%	2,485,474,661.91	6.65%	22,740	5.79%
>= 60% - 64.99%	2,883,514,740.58	7.71%	24,385	6.21%
>= 65% - 69.99%	3,608,771,734.26	9.65%	27,738	7.06%
>= 70% - 74.99%	4,346,579,880.22	11.62%	30,965	7.89%
>= 75% - 79.99%	4,012,829,229.75	10.73%	28,214	7.19%
>= 80% - 84.99%	3,208,155,748.57	8.58%	21,980	5.60%
>= 85% - 89.99%	2,804,163,185.20	7.50%	18,522	4.72%
>= 90% - 94.99%	1,611,690,724.00	4.31%	11,525	2.94%
>= 95% - 99.99%	626,750,043.11	1.68%	4,664	1.19%
>= 100% - 104.99%	268,543,170.89	0.72%	1,873	0.48%
>= 105% - 109.99%	177,264,742.99	0.47%	1,144	0.29%
>= 110% - 114.99%	100,569,162.21	0.27%	619	0.16%
>= 115% - 119.99%	37,291,298.86	0.10%	212	0.05%
>= 120% - 124.99%	5,087,558.19	0.01%	29	0.01%
>=125%	1,733,569.26	0.00%	20	0.01%
Total	37,401,469,855.42	100.00%	392,655	100.00%

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

The Weighted Average Current LTV is 64.08%

Cash Ledgers

Revenue Ledger	£ -
Principal Ledger	£ 4,162,992,813.42
Reserve Ledger	£ 773,457,827.39
Pre-Maturity Liquidity Ledger	£ 1,555,078,904.11
Capital Account Ledger - Cash Capital Contribution	£ -
Total	£ 6,491,529,544.92

GIC Account	£ 6,491,529,544.92
Transaction Account	£ -
Authorised Investments/Substitution Assets	£ -
Total	£ 6,491,529,544.92

LLP Balance Sheet

Cash	£ 6,491,529,544.92
Mortgages	£ 37,401,469,855.42
Authorised Investments/Substitution Assets	£ -
Total	£ 43,892,999,400.34

Capital Account Ledger - Bank of Scotland	£ 15,205,860,805.31
Capital Account Ledger - Connery Ltd	£ -
Intercompany Loan Outstanding	£ 28,687,138,595.03
Total	£ 43,892,999,400.34

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
August 2011	0.92%
July 2011	0.90%
June 2011	0.89%

Arrears & Possessions

Months in arrears	Aggregate outstanding balance	% of Total	Aggregate amount of Arrears	Number of Accounts	% of Total
Less than 1 month	36,614,281,363.89	97.90%	1,478,485.82	385,694	98.23%
1 - 2 months	465,172,416.60	1.24%	2,999,925.42	4,060	1.03%
2 - 3 months	208,742,757.06	0.56%	2,466,596.14	1,771	0.45%
3 - 6 months	94,513,866.60	0.25%	1,685,987.89	832	0.21%
6 - 12 months	7,840,279.01	0.02%	325,514.02	146	0.04%
12 months +	10,919,172.26	0.03%	889,199.31	152	0.04%
Total	37,401,469,855.42	100.00%	9,845,708.60	392,655	100.00%

Range of Balances at end of reporting period of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>=0 - < 50,000	3,413,940,938.27	9.13%	126,002	32.09%
>=50,000 - < 100,000	9,257,779,157.16	24.75%	125,186	31.88%
>=100,000 - < 150,000	9,305,364,143.79	24.88%	76,418	19.46%
>=150,000 - < 200,000	5,705,809,792.90	15.26%	33,297	8.48%
>=200,000 - < 250,000	3,177,385,347.62	8.50%	14,350	3.65%
>=250,000 - < 300,000	1,781,232,084.01	4.76%	6,547	1.67%
>=300,000 - < 350,000	1,128,098,365.45	3.02%	3,505	0.89%
>=350,000 - < 400,000	809,043,870.38	2.16%	2,172	0.55%
>=400,000 - < 450,000	586,306,947.93	1.57%	1,389	0.35%
>=450,000 - < 500,000	526,372,941.20	1.41%	1,108	0.28%
>=500,000 - < 550,000	409,748,171.76	1.10%	791	0.20%
>=550,000 - < 600,000	282,445,414.43	0.76%	492	0.13%
>=600,000 - < 650,000	249,453,300.63	0.67%	401	0.10%
>=650,000 - < 700,000	194,375,723.60	0.52%	289	0.07%
>=700,000 - < 750,000	143,808,476.81	0.38%	199	0.05%
>=750,000 - < 800,000	130,510,522.44	0.35%	170	0.04%
>=800,000 - < 850,000	96,642,995.96	0.26%	118	0.03%
>=850,000 - < 900,000	68,991,561.10	0.18%	79	0.02%
>=900,000 - < 950,000	69,876,363.36	0.19%	76	0.02%
>=950,000 - < 1,000,000	64,283,736.62	0.17%	66	0.02%
>=1,000,000	0.00	0.00%	0	0.00%
Total	37,401,469,855.42	100.00%	392,655	100.00%

Weighted Average Loan Balance

£ 172,357.14

Range of LTV ratios at end of reporting period*	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	2,892,831,749.69	7.73%	94,862	24.16%
>= 30% - 34.99%	1,076,654,065.34	2.88%	18,928	4.82%
>= 35% - 39.99%	1,221,308,461.55	3.27%	18,654	4.75%
>= 40% - 44.99%	1,393,664,123.70	3.73%	18,477	4.71%
>= 45% - 49.99%	1,537,566,899.16	4.11%	18,221	4.64%
>= 50% - 54.99%	1,776,484,917.31	4.75%	18,436	4.70%
>= 55% - 59.99%	2,000,368,750.16	5.35%	18,687	4.76%
>= 60% - 64.99%	2,304,481,816.06	6.16%	19,555	4.98%
>= 65% - 69.99%	2,695,709,420.44	7.21%	21,244	5.41%
>= 70% - 74.99%	3,076,004,496.52	8.22%	22,847	5.82%
>= 75% - 79.99%	3,349,978,733.62	8.96%	24,440	6.22%
>= 80% - 84.99%	3,097,256,510.83	8.28%	21,575	5.49%
>= 85% - 89.99%	2,885,507,816.12	7.71%	19,746	5.03%
>= 90% - 94.99%	2,537,600,881.89	6.78%	17,692	4.51%
>= 95% - 99.99%	2,141,632,400.66	5.73%	15,033	3.83%
>= 100% - 104.99%	1,664,347,953.30	4.45%	11,592	2.95%
>= 105% - 109.99%	1,121,306,480.07	3.00%	7,924	2.02%
>= 110% - 114.99%	451,255,424.27	1.21%	3,402	0.87%
>= 115% - 119.99%	136,840,716.56	0.37%	1,047	0.27%
>= 120% - 124.99%	31,255,208.25	0.08%	230	0.06%
>=125%	9,413,029.92	0.03%	63	0.02%
Total	37,401,469,855.42	100.00%	392,655	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

69.61%

Region	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
London & South East	11,263,532,791.16	30.12%	75,832	19.31%
Midlands & East Anglia	7,547,831,259.74	20.18%	78,497	19.99%
North	5,009,800,567.06	13.39%	67,932	17.30%
North West	4,334,484,995.02	11.59%	55,949	14.25%
Scotland	4,075,868,777.44	10.90%	62,204	15.84%
South West & Wales	5,163,698,871.35	13.81%	52,209	13.30%
Unknown	6,252,593.65	0.02%	32	0.01%
Total	37,401,469,855.42	100.00%	392,655	100.00%

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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	0.00	0.00%	0	0.00%
18 months <24 months	0.00	0.00%	0	0.00%
24 months <30 months	0.00	0.00%	0	0.00%
30 months <36 months	771,171,464.93	2.06%	5,719	1.46%
36 months <42 months	4,157,414,305.80	11.12%	35,729	9.10%
42 months <48 months	5,542,200,410.68	14.82%	43,207	11.00%
48 months <54 months	5,506,612,653.91	14.72%	40,544	10.33%
54 months <60 months	2,980,365,186.58	7.97%	26,064	6.64%
60 months <66 months	3,401,804,436.32	9.10%	32,036	8.16%
66 months <72 months	3,112,202,447.63	8.32%	30,800	7.84%
>=72 Months	11,929,698,949.57	31.90%	178,556	45.47%
Total	37,401,469,855.42	100.00%	392,655	100.00%

The weighted average seasoning of the loans is 67.92 Months

Years to Maturity	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
0 Years <5 Years	1,489,674,978.10	3.98%	31,478	8.02%
5 Years <10 Years	3,667,054,587.94	9.80%	52,136	13.28%
10 Years <15 Years	6,445,130,793.11	17.23%	73,934	18.83%
15 Years <20 Years	11,287,479,181.00	30.18%	100,500	25.59%
20 Years <25 Years	8,078,439,066.87	21.60%	60,854	15.50%
25 Years <30 Years	3,049,067,920.64	8.15%	29,812	7.59%
30 Years <35 Years	2,738,525,756.95	7.32%	36,681	9.34%
35 Years +	646,097,570.81	1.73%	7,260	1.85%
Total	37,401,469,855.42	100.00%	392,655	100.00%

The weighted average remaining term of the loans is 18.2 Years

Property type	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Detached	11,210,056,808.91	29.97%	87,153	22.20%
Semi-Detached	11,024,740,530.92	29.48%	129,650	33.02%
Terraced	10,346,602,200.30	27.66%	125,398	31.94%
Other*	4,820,070,315.29	12.89%	50,454	12.85%
Total	37,401,469,855.42	100.00%	392,655	100.00%

*Primarily flats & Maisonettes

Repayment terms	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Interest only	16,537,819,443.02	44.22%	118,171	30.10%
Repayment	20,863,650,412.40	55.78%	274,484	69.90%
Total	37,401,469,855.42	100.00%	392,655	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	686,692,552.11	1.84%	5,062	1.05%
Fixed rate loans	9,887,358,631.29	26.52%	145,403	30.03%
Tracker rate loans	6,668,693,066.83	17.88%	96,567	19.94%
Loans on Standard Variable Rate	20,046,551,789.56	53.76%	237,205	48.99%
Total	37,289,296,039.79	100.00%	484,237	100.00%

*An account may have more than one product holding.

Flexible loans	172,984,210.40	0.46%	1,736	0.44%
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Notes Outstanding

Tranche	Date Bonds Issued	Issuance Amount	Rate	Expected Maturity Date	Sterling equivalent	ISIN
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	3M GBP + 0.075%	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	2-Mar-2011	€ 292,250,000.00	2.589%	26-Nov-12	£ 250,000,000	ISIN: XS0236528385
13	2-Mar-2011	€ 233,800,000.00	2.865%	28-May-13	£ 200,000,000	ISIN: XS0236528542
14	20-Dec-2010	£ 200,000,000.00	3M GBP + 1.28%	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	21-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
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
29	22-May-2008	£ 2,100,000,000.00	1m GBP LIBOR + 0.12%	22-Sep-19	£ 2,100,000,000	ISIN: XS0366238375
32	2-Mar-2011	£ 2,800,000,000.00	1m GBP LIBOR + 0.12%	07-Jun-18	£ 2,800,000,000	ISIN: XS0366237724
33	20-Dec-2010	£ 1,000,000,000.00	3m GBP LIBOR + 1.28%	27-Jan-14	£ 1,000,000,000	ISIN: XS0390482213
35	20-Dec-2010	€ 591,750,000.00	3.375%	27-Oct-14	£ 500,000,000	ISIN: XS0390479185
36	20-Dec-2010	€ 591,750,000.00	3.375%	25-Jan-16	£ 500,000,000	ISIN: XS0390479268
37	20-Dec-2010	€ 591,750,000.00	3.375%	25-Jan-16	£ 500,000,000	ISIN: XS0391406591
38	20-Dec-2010	£ 410,000,000.00	3m GBP LIBOR + 1.29%	27-May-14	£ 410,000,000	ISIN: XS0391406088
39	20-Dec-2010	€ 2,130,300,000.00	3.625%	27-Jul-15	£ 1,800,000,000	ISIN: XS0391405783
40	20-Dec-2010	€ 591,750,000.00	3.375%	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
					£ 28,687,138,595	

Contact details and report distribution channels

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