

Transaction details

Reporting Date	16th August 2012
Reporting Period Start	1st July 2012
Reporting Period End	31st July 2012
Accrual Period	16th July 2012 to 16th August 2012
Next payment date	16th August 2012

Contact details and report distribution channels

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Investor reports, prospectus and access to key transaction documents and loan level data may be obtained at

http://www.lloydsbankinggroup.com/investors/debt_investors/covered_bonds_terms.asp

Asset Details

Mortgage Balance at beginning of period	£	33,939,449,467.78	Number of Mortgages at beginning of period	363,088
Mortgage Balance at end of period	£	33,524,318,033.64	Number of Mortgages at end of period	359,302

Substitutions/Repurchases	Balance	Number
Substitutions in period	£ -	0
Repurchased in period	£ 52,750,895.91	486

Revenue collected in period (inc Bank interest)	£	111,840,346.90
Principal Collected in period	£	439,042,729.04
Yield (pre-swap)		3.96719%
Net Yield (post-swap)		1.23575%
Other Substituted assets	£	-

Performance Ratios

PPR	Monthly PPR	1-month annualised	3-month annualised	12-month annualised
Month				
July 2012	1.29%	14.47%	14.64%	17.15%
June 2012	1.25%	14.02%	14.43%	17.13%
May 2012	1.39%	15.42%	14.80%	16.99%

Stratification Tables

Arrears & Possessions	Aggregate outstanding balance	% of Total	Aggregate amount of Arrears	Number of Accounts	% of Total
Months in arrears					
Less than 1 month	32,966,318,338.46	98.34%	1,415,317.67	354,336	98.62%
1 - 2 months	367,992,541.94	1.10%	2,589,647.95	3,283	0.91%
2 - 3 months	136,968,056.12	0.41%	1,849,420.65	1,223	0.34%
3 - 6 months	52,649,710.69	0.16%	968,401.86	455	0.13%
6 - 12 months	282,991.84	0.00%	589.32	4	0.00%
12 months +	106,394.59	0.00%	148.81	1	0.00%
Total	33,524,318,033.64	100.00%	6,823,526.26	359,302	100.00%

Bank of Scotland plc €60bn Covered Bond programme

Indexed LTV

Indexed LTV	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	2,647,678,306.42	7.90%	87,644	24.39%
>= 30% - 34.99%	980,630,062.43	2.93%	17,277	4.81%
>= 35% - 39.99%	1,108,400,778.98	3.31%	17,071	4.75%
>= 40% - 44.99%	1,264,496,675.29	3.77%	16,822	4.68%
>= 45% - 49.99%	1,436,026,380.05	4.28%	16,819	4.68%
>= 50% - 54.99%	1,655,478,111.32	4.94%	17,062	4.75%
>= 55% - 59.99%	1,935,088,124.52	5.77%	17,638	4.91%
>= 60% - 64.99%	2,108,074,234.41	6.29%	18,111	5.04%
>= 65% - 69.99%	2,471,575,903.79	7.37%	19,806	5.51%
>= 70% - 74.99%	2,947,851,990.05	8.79%	22,358	6.22%
>= 75% - 79.99%	2,961,006,622.83	8.83%	22,208	6.18%
>= 80% - 84.99%	2,754,028,329.23	8.22%	19,764	5.50%
>= 85% - 89.99%	2,570,707,882.78	7.67%	18,350	5.11%
>= 90% - 94.99%	2,207,850,897.34	6.59%	16,047	4.47%
>= 95% - 99.99%	1,742,209,883.80	5.20%	12,546	3.49%
>= 100% - 104.99%	1,367,119,777.22	4.08%	9,675	2.69%
>= 105% - 109.99%	828,617,197.03	2.47%	6,028	1.68%
>= 110% - 114.99%	388,812,108.07	1.16%	2,940	0.82%
>= 115% - 119.99%	113,635,590.72	0.34%	873	0.24%
>= 120% - 124.99%	26,906,462.03	0.08%	207	0.06%
>=125%	8,122,715.33	0.02%	56	0.02%
Total	33,524,318,033.64	100.00%	359,302	100.00%

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

Maximum Indexed LTV	154.91%
The weighted average Indexed LTV is	68.79%
Minimum Indexed LTV	-0.94%

Outstanding Balances

Ranges of balances at the end of the reporting period	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>=0 - < 50,000	3,169,902,693.36	9.46%	117,488	32.70%
>=50,000 - < 100,000	8,583,609,432.50	25.60%	116,243	32.35%
>=100,000 - < 150,000	8,342,919,482.58	24.89%	68,592	19.09%
>=150,000 - < 200,000	5,074,058,824.00	15.14%	29,595	8.24%
>=200,000 - < 250,000	2,759,067,833.18	8.23%	12,455	3.47%
>=250,000 - < 300,000	1,540,159,269.24	4.59%	5,664	1.58%
>=300,000 - < 350,000	958,592,301.07	2.86%	2,978	0.83%
>=350,000 - < 400,000	708,403,196.10	2.11%	1,900	0.53%
>=400,000 - < 450,000	502,714,300.06	1.50%	1,190	0.33%
>=450,000 - < 500,000	446,675,223.44	1.33%	939	0.26%
>=500,000 - < 550,000	344,582,229.16	1.03%	665	0.19%
>=550,000 - < 600,000	245,603,443.54	0.73%	428	0.12%
>=600,000 - < 650,000	199,780,565.13	0.60%	321	0.09%
>=650,000 - < 700,000	161,292,009.38	0.48%	240	0.07%
>=700,000 - < 750,000	135,894,556.35	0.41%	188	0.05%
>=750,000 - < 800,000	109,188,098.50	0.33%	142	0.04%
>=800,000 - < 850,000	79,466,296.00	0.24%	97	0.03%
>=850,000 - < 900,000	61,108,458.94	0.18%	70	0.02%
>=900,000 - < 950,000	47,786,068.89	0.14%	52	0.01%
>=950,000 - < 1,000,000	53,513,752.22	0.16%	55	0.02%
>=1,000,000	0.00	0.00%	0	0.00%
Total	33,524,318,033.64	100.00%	359,302	100.00%

Maximum Loan balance	£ 997,039.69
Weighted Average Loan Balance	£ 168,576.60
Average Loan Balance	£ 93,304.01
Minimum Loan Balance	-£ 195,437.22

Bank of Scotland plc €60bn Covered Bond programme

Seasoning

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	74,642,368.97	0.22%	635	0.18%
12 months	<18 months	285,078,415.58	0.85%	2,492	0.69%
18 months	<24 months	124,917,231.22	0.37%	1,083	0.30%
24 months	<30 months	185,960,242.92	0.55%	1,581	0.44%
30 months	<36 months	145,584,582.08	0.43%	1,310	0.36%
36 months	<42 months	100,777,199.83	0.30%	960	0.27%
42 months	<48 months	1,128,048,805.48	3.36%	8,703	2.42%
48 months	<54 months	4,014,863,733.98	11.98%	35,427	9.86%
54 months	<60 months	5,412,531,441.99	16.15%	42,317	11.78%
60 months	<66 months	3,725,040,849.68	11.11%	28,608	7.96%
66 months	<72 months	2,748,313,560.53	8.20%	24,999	6.96%
72 months	<84 months	5,396,717,873.85	16.10%	54,376	15.13%
84 months	<96 months	3,368,323,482.12	10.05%	39,679	11.04%
96 months	<108 months	2,236,682,671.69	6.67%	29,449	8.20%
>=108 Months		4,576,835,573.72	13.65%	87,683	24.40%
Total		33,524,318,033.64	100.00%	359,302	100.00%

Maximum Seasoning	197.95 Months
Weighted average seasoning	77.47 Months
Minimum Seasoning	11.01 Months

Years to Maturity

Years to Maturity		Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
0 Years	<5 Years	1,550,756,156.77	4.63%	31,449	8.75%
5 Years	<10 Years	3,578,782,822.15	10.68%	52,170	14.52%
10 Years	<15 Years	6,244,217,193.33	18.63%	69,927	19.46%
15 Years	<20 Years	10,523,609,127.13	31.39%	92,291	25.69%
20 Years	<25 Years	6,101,153,357.83	18.20%	48,460	13.49%
25 Years	<30 Years	2,951,961,080.87	8.81%	30,795	8.57%
30 Years	<35 Years	2,263,598,971.09	6.75%	30,648	8.53%
35 Years +		310,239,324.47	0.93%	3,562	0.99%
Total		33,524,318,033.64	100.00%	359,302	100.00%

Maximum Remaining Term	40.08 Years
Weighted average remaining term	17.64 Years
Minimum Remaining Term	0 Years

Geographical Region

Region		Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Unknown		9,939,570.32	0.03%	84	0.02%
East Midlands		1,961,321,078.90	5.85%	24,455	6.81%
East of England		3,148,852,350.24	9.39%	28,518	7.94%
London		5,706,807,325.72	17.02%	35,880	9.99%
North East		1,227,180,120.72	3.66%	17,904	4.98%
North West		3,209,484,237.47	9.57%	42,138	11.73%
Scotland		3,567,832,835.34	10.64%	55,529	15.45%
South East		5,481,930,474.91	16.35%	43,303	12.05%
South West		2,429,679,985.97	7.25%	24,470	6.81%
Wales		1,167,147,307.87	3.48%	15,500	4.31%
West Midlands		2,498,197,667.04	7.45%	29,717	8.27%
Yorkshire And The Humber		3,115,945,079.14	9.29%	41,804	11.63%
Total		33,524,318,033.64	100.00%	359,302	100.00%

Bank of Scotland plc €60bn Covered Bond programme

Current LTV

Current LTV	Aggregate outstanding balance	% of Total	Number of accounts	% of Total
>= 0% - 29.99%	2,822,788,279.86	8.42%	87,778	24.43%
>= 30% - 34.99%	1,054,309,459.19	3.14%	17,964	5.00%
>= 35% - 39.99%	1,231,801,751.08	3.67%	18,393	5.12%
>= 40% - 44.99%	1,428,492,335.19	4.26%	18,661	5.19%
>= 45% - 49.99%	1,622,208,426.00	4.84%	19,034	5.30%
>= 50% - 54.99%	1,940,960,762.78	5.79%	19,765	5.50%
>= 55% - 59.99%	2,363,723,410.57	7.05%	21,337	5.94%
>= 60% - 64.99%	2,581,859,541.79	7.70%	22,457	6.25%
>= 65% - 69.99%	3,273,339,426.24	9.76%	25,868	7.20%
>= 70% - 74.99%	4,035,603,108.98	12.04%	29,396	8.18%
>= 75% - 79.99%	3,540,981,727.95	10.56%	25,325	7.05%
>= 80% - 84.99%	2,737,849,650.85	8.17%	19,250	5.36%
>= 85% - 89.99%	2,456,881,516.52	7.33%	16,690	4.65%
>= 90% - 94.99%	1,342,427,609.14	4.00%	9,583	2.67%
>= 95% - 99.99%	550,511,900.16	1.64%	4,118	1.15%
>= 100% - 104.99%	250,696,821.27	0.75%	1,777	0.49%
>= 105% - 109.99%	164,884,964.61	0.49%	1,103	0.31%
>= 110% - 114.99%	88,703,841.16	0.26%	577	0.16%
>= 115% - 119.99%	30,595,333.31	0.09%	191	0.05%
>= 120% - 124.99%	4,524,012.71	0.01%	24	0.01%
>=125%	1,174,154.28	0.00%	11	0.00%
Total	33,524,318,033.64	100.00%	359,302	100.00%

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

Maximum Current LTV	160.04%
The Weighted Average Current LTV is	63.82%
Minimum Current LTV	-0.89%

Property Type

Property type	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Detached	9,923,793,366.42	29.60%	78,618	21.88%
Semi-Detached	9,962,688,114.82	29.72%	119,225	33.18%
Terraced	9,325,413,416.45	27.82%	115,536	32.16%
Other*	4,312,423,135.95	12.86%	45,923	12.78%
Total	33,524,318,033.64	100.00%	359,302	100.00%

*Primarily flats & Maisonettes

Repayment Types

Repayment terms	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Interest only	15,981,662,570.93	47.67%	136,028	37.86%
Repayment	17,542,655,462.71	52.33%	223,274	62.14%
Total	33,524,318,033.64	100.00%	359,302	100.00%

Special rate and flexible loans

Type of Loan	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
Discounted loans	287,094,581.46	0.86%	2,721	0.76%
Fixed rate loans	7,943,756,078.35	23.70%	82,962	23.09%
Tracker rate loans	4,830,957,155.68	14.41%	58,660	16.33%
Loans on Standard Variable Rate	20,462,510,218.15	61.04%	214,959	59.83%
Total	33,524,318,033.64	100.00%	359,302	100.00%

of which

Flexible loans	147,779,808.37	0.44%	1,526	0.42%
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Fixed Interest Rates

Fixed rate	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
0 - <4.00%	2,257,718,636.58	28.42%	20,301	24.47%
4.00 - <5.00%	1,922,247,245.54	24.20%	18,908	22.79%
5.00 - <6.00%	2,677,904,362.77	33.71%	28,840	34.76%
6.00 - <7.00%	1,019,541,582.45	12.83%	13,325	16.06%
>=7.00%	66,344,251.01	0.84%	1,588	1.91%
Total	7,943,756,078.35	100.00%	82,962	100.00%

Bank of Scotland plc €60bn Covered Bond programme

Year Fixed Rate Product ends

Year in which current fixed rate period ends	Aggregate outstanding balance	% of Total	Number of Accounts	% of Total
2012	1,568,316,210.31	19.74%	17,028	20.53%
2013	2,336,265,462.96	29.41%	22,794	27.48%
2014	3,022,914,692.10	38.05%	29,202	35.20%
2015	381,854,942.65	4.81%	5,420	6.53%
2016	236,369,193.10	2.98%	3,146	3.79%
2017	221,896,495.41	2.79%	3,164	3.81%
2018+	176,139,081.82	2.22%	2,208	2.66%
Total	7,943,756,078.35	100.00%	82,962	100.00%

The Asset Coverage Test

Part A is defined by the lower of two variables which are:-

(i) Adjusted Current Balance of each loan in the portfolio which is (1) the lower of the actual current balance of each relevant loan and (2) 60 per cent. of the Indexed Valuation (please see Glossary which defines these terms) minus the adjusted current balance of the deemed reductions

(ii) Aggregate current balance of the loans in the portfolio **minus** the aggregate current balance of deemed reductions, **the result of which is multiplied** by the Asset Percentage

A(i)		
Adjusted Current Balance	£	27,778,820,915.62
minus Adjusted Current Balance of Deemed Reductions	£	43,935,831.16
	£	27,734,885,084.46
A(ii)		
Aggregate Current Balance	£	33,524,318,033.64
minus Aggregate Current Balance of Deemed Reductions	£	55,875,903.13
Net sum	£	33,468,442,130.51
Net sum multiplied by Asset Percentage	£	23,427,909,491.36
Lower of A(i) and A(ii)	£	23,427,909,491.36

Method Used for Calculation	A(ii)	Lower of A (i) Adjusted Current Balance less Deemed Reductions or A(ii) Aggregate Current Balance less Deemed Reductions multiplied by the Asset Percentage
Asset Percentage	70.00%	Asset Percentage
A =	£ 23,427,909,491.36	Aggregate Current Balance less Deemed Reductions multiplied by the Asset Percentage
B =	£ 2,722,708,348.95	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 =	£ 1,676,215,901.68	5% of the aggregate Current Balance of the Loans in the Portfolio, on the relevant Calculation Date
Y =	£ 16,836,953.19	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 =	£ 540,922,553.10	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%
Adjusted Aggregate Loan Amount: (A+B+C+D+E-(X+Y+Z))	£ 23,916,642,432.34	
Principal Amount Outstanding of the Covered Bonds	£ 23,237,138,595.03	
Current Amount of Credit Support	£ 679,503,837.31	Result of the Overcollateralisation in the Asset Coverage Test
	PASS	Pass/Fail

The Maximum Asset Percentage available to the Pool is 92.5%. However, we are current using a lower Asset Percentage (AP) to support the ratings on the Bonds

If the Adjusted Aggregate loan amount is less than the aggregate Principal outstanding of the Covered Bonds then the Asset Coverage test will fail. This must be cured by the next calculation date

Interest Shortfall Test

Revenue receipts	£	111,400,839.70	
Interest	£	1,503,656.76	
Interest Rate Swap	-£	60,912,414.25	
Interest for Shortfall	£	-	
Interest on payments		-£11,540,422.49	
Servicer and Cash Manager Fees		-£2,882,528.58	
Excess Cash	£	37,569,131.13	PASS

Pre Maturity Test - Cash is held in the GIC account to meet the Pre Maturity requirement

The Amortisation Test/Yield Shortfall Test

The calculation of these tests is only required to be performed once a HBOS Event of Default has occurred, therefore until there is an HBOS Event of Default this section will be intentionally left blank

GIC Account

Reserve Fund Ledger	£	748,061,325.29
Pre-Maturity Ledger	£	2,283,665,619.91
Revenue Ledger	£	113,200,726.14
Principal Ledger	£	439,042,729.04
Total Balance	£	3,583,970,400.38

Waterfall distributed on 16th July 2012**Revenue**

Total Revenue to be distributed	£	112,229,904.70
Amounts payable to third parties	£	-
(i) Servicer Fees, expenses	£	1,317,425.91
(ii) Cash Manager remuneration & costs	£	1,317,425.91
(iii) Account Bank fees/costs	£	-
(iv) Corporate Service Provider costs	£	5,217.32
(v) Asset Monitor - all costs except indemnity amount	£	-
Amounts paid under the IRS	£	59,826,752.90
Reserve Ledger credit (up to req'd amount)	£	-
(i) Pre-Maturity Liquidity Ledger (if req'd)	£	-
(ii) amounts standing to Prematurity ledger	£	-
IF a Servicer Event of Default occurs, all remaining revenue to GIC A/C	£	-
Excluded Swap Termination Amount (see comment)	£	-
Amounts due under intercompany loans	£	11,337,177.13
Indemnity Amount to the Members	£	-
Indemnity Amount to the Asset Monitor	£	-
Deferred Consideration	£	38,422,905.53
Profit allocation to Members of LLP	£	3,000.00

Principal

Total Principal to be distributed	£	429,697,529.06
Pre-Maturity Liquidity Ledger	£	-
Acquisition of New Loans	£	-
Principal Ledger	£	-
Principal Repayments on the ICL	£	-
Return of Capital Contribution	£	429,697,529.06

For further details of the Waterfall please refer to Pages 244-252 of the Base prospectus dated 10th March 2010

Bank of Scotland plc €60bn Covered Bond programme

Structure and Liability Details

Series Name	2	4	5	6	7	9	10
Issue Date	23-Oct-2003	4-Jun-2004	23-Sep-2004	13-Dec-2004	8-Feb-2005	15-Aug-2005	15-Aug-2005
Original Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Current Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Currency	EUR	EUR	EUR	GBP	EUR	EUR	EUR
Issue Size	2,000,000,000	1,250,000,000	2,000,000,000	500,000,000	1,500,000,000	644,850,000	189,100,000
Issue Size (GBP equivalent)	1,392,600,000	831,875,000	1,360,544,218	500,000,000	1,038,000,000	446,881,050	131,046,300
Exchange Rate	1.4362	1.5026	1.4700	1.0000	1.4451	1.4430	1.4430
Outstanding Amount	2,000,000,000	1,250,000,000	2,000,000,000	500,000,000	1,500,000,000	644,850,000	189,100,000
Coupon	Annual Fixed	Annual Fixed	Annual Fixed	3M GBP+0.075%	Annual Fixed	6M Euribor Flat	3M Euribor Flat
Current Rate	4.5000%	4.8750%	4.2500%	1.06500%	3.8750%	1.07000%	0.65700%
Expected Maturity Date	23-Oct-13	04-Jun-19	23-Sep-14	13-Dec-14	07-Feb-20	10-Oct-12	30-Sep-13
Final Legal Maturity Date	23-Oct-13	04-Jun-19	23-Sep-14	13-Dec-14	07-Feb-20	10-Oct-12	30-Sep-13
Bond Structure	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet
ISIN:	XS0178952650	XS0193640629	XS0201674594	XS0208047778	XS0212074388	XS0226831799	XS0226832250
Stock Exchange Listing	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg
Reference Rate	0.0000%	0.0000%	0.0000%	0.9900%	0.0000%	1.0700%	0.6570%
Margin	4.5000%	4.8750%	4.2500%	0.0750%	3.8750%	0.0000%	0.0000%
Current Bond Accrual Period	23/10/2011 to 23/10/2012	04/06/2012 to 04/06/2013	23/09/2011 to 23/09/2012	13/06/2012 to 13/09/2012	07/02/2012 to 07/02/2013	03/04/2011 to 08/10/012	20/06/2012 to 20/09/2012

Previous Payment Date							
Expected Coupon Amount	43,635,032.10	26,988,624.61	39,335,462.10	1,342,191.78	27,833,970.00	1,730,470.90	152,478.53
Coupon Amount Paid	43,635,032.10	26,988,624.61	39,335,462.10	1,342,191.78	27,833,970.00	1,730,470.90	152,478.53
Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Principal Bond Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Bond Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CumulativePrincipal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Intercompany interest amount (GBP)	691,616.67	413,139.89	675,696.58	248,318.49	515,509.19	221,937.66	65,082.44
Intercompany interest amount paid (GBP)	691,616.67	413,139.89	675,696.58	248,318.49	515,509.19	221,937.66	65,082.44
Expected Intercompany principal amount (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intercompany principal amount paid (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Series Name	11	12	13	14	15	16	17
Issue Date	15-Aug-2005	2-Mar-2011	2-Mar-2011	20-Dec-2010	25-Jan-2006	13-Jul-2006	13-Jul-2006
Original Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Current Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA(sf)/Aaa(sf)/AAA(sf)	AAA(sf)/Aaa(sf)/AAA(sf)	AAA(sf)/Aaa(sf)/AAA(sf)	AAA(sf)/Aaa(sf)/AAA(sf)	AAA(sf)/Aaa(sf)/AAA(sf)
Currency	USD	EUR	EUR	GBP	EUR	EUR	EUR
Issue Size	70,200,000	292,250,000	233,800,000	200,000,000	2,000,000,000	1,500,000,000	1,500,000,000
Issue Size (GBP equivalent)	39,527,027	250,000,000	200,000,000	200,000,000	1,372,000,000	1,041,750,000	1,041,750,000
Exchange Rate	1.7760	1.1690	1.1690	1.0000	1.4577	1.4399	1.4399
Outstanding Amount	70,200,000	292,250,000	233,800,000	200,000,000	2,000,000,000	1,500,000,000	1,500,000,000
Coupon	3M USD -0.01	Annual Fixed	Annual Fixed	3M GBP+1.28%	Annual Fixed	Annual Fixed	Annual Fixed
Current Rate	0.45800%	2.58900%	2.86500%	2.27750%	3.25000%	4.50000%	4.37500%
Expected Maturity Date	30-Sep-13	16-Nov-12	16-May-13	18-Nov-13	25-Jan-13	13-Jul-21	13-Jul-16
Final Legal Maturity Date	30-Sep-13	16-Nov-12	16-May-13	18-Nov-13	25-Jan-13	13-Jul-21	13-Jul-16
Bond Structure	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet
ISIN:	XS0226831872	XS0236528385	XS0236528542	XS0236527817	XS0241851764	XS0260981658	XS0260981229
Stock Exchange Listing	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg
Reference Rate	0.4680%	0.0000%	0.0000%	0.9975%	0.0000%	0.0000%	0.0000%
Margin	-0.0100%	2.5890%	2.8650%	1.2800%	3.2500%	4.5000%	4.3750%
Current Bond Accrual Period	20/06/2012 to 20/09/2012	26/11/2011 to 26/11/2012	28/05/2012 to 28/05/2013	25/05/2012 to 27/08/2012	25/01/2012 to 25/01/2013	13/07/2012 to 13/07/2013	13/07/2012 to 13/07/2013

Previous Payment Date							
Expected Coupon Amount	26,049.66	5,536,783.58	4,901,625.32	1,173,068.49	30,588,740.00	32,557,291.88	31,652,922.66
Coupon Amount Paid	26,049.66	5,536,783.58	4,901,625.32	1,173,068.49	30,588,740.00	32,557,291.88	31,652,922.66
Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Principal Bond Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Bond Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CumulativePrincipal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Intercompany interest amount (GBP)	19,630.58	124,159.25	99,327.40	99,327.40	681,385.95	517,371.58	517,371.58
Intercompany interest amount paid (GBP)	19,630.58	124,159.25	99,327.40	99,327.40	681,385.95	517,371.58	517,371.58
Expected Intercompany principal amount (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intercompany principal amount paid (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Bank of Scotland plc €60bn Covered Bond programme

Series Name	18	21	22	23	25	26	29
Issue Date	21-Nov-2006	20-Feb-2007	8-Jun-2007	8-Jun-2007	26-Oct-2007	18-Dec-2007	22-May-2008
Original Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Current Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Currency	EUR	USD	EUR	EUR	EUR	DKR	EUR
Issue Size	2,000,000,000	3,000,000,000	1,250,000,000	1,250,000,000	2,000,000,000	4,680,000,000	1,196,000,000
Issue Size (GBP equivalent)	1,345,000,000	1,520,000,000	850,000,000	850,000,000	1,396,000,000	453,550,000	1,000,000,000
Exchange Rate	1.4870	1.9737	1.4706	1.4706	1.4327	10.3186	0.8308
Outstanding Amount	2,000,000,000	3,000,000,000	1,250,000,000	1,250,000,000	2,000,000,000	4,680,000,000	1,196,000,000
Coupon	Annual Fixed	Semi Annual	Annual Fixed	Annual Fixed	Annual Fixed	6MDKK CIBOR+0.29%	3M Euribor +1.75%
Current Rate	3.87500%	5.25000%	4.62500%	4.75000%	4.75000%	1.13500%	2.40700%
Expected Maturity Date	15-Jan-14	21-Feb-17	08-Jun-17	08-Jun-22	26-Jan-15	02-Jan-18	22-Sep-19
Final Legal Maturity Date	15-Jan-14	21-Feb-17	08-Jun-17	08-Jun-22	26-Jan-15	02-Jan-18	22-Sep-19
Bond Structure	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet
ISIN:	XS0275093473	XS0286774483	XS0304458721	XS0304459026	XS0327502224	DK0030075023	XS0366238375
Stock Exchange Listing	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg
Reference Rate	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.8450%	0.6570%
Margin	3.8750%	5.2500%	4.6250%	4.7500%	4.7500%	0.2900%	1.7500%
Current Bond Accrual Period	15/01/2012 to 15/01/2013	21/02/2012 to 21/08/2012	08/06/2012 to 08/06/2013	08/06/2012 to 08/06/2013	26/01/2012 to 26/01/2013	02/07/2012 to 02/01/2013	22/06/2012 to 24/09/2012

Previous Payment Date							
Expected Coupon Amount	35,049,859.38	20,216,000.00	26,732,500.00	27,455,000.00	46,284,380.00	254,985.61	5,182,984.38
Coupon Amount Paid	35,049,859.38	20,216,000.00	26,732,500.00	27,455,000.00	46,284,380.00	254,985.61	5,182,984.38
Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Principal Bond Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Bond Paid	0.00	0.00	0.00	0.00	0.00	0.00	1,100,000,000.00
Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Intercompany interest amount (GBP)	667,976.75	754,888.22	422,141.44	422,141.44	693,305.23	225,249.71	496,636.99
Intercompany interest amount paid (GBP)	667,976.75	754,888.22	422,141.44	422,141.44	693,305.23	225,249.71	496,636.99
Expected Intercompany principal amount (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intercompany principal amount paid (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Series Name	33	35	36	37	38	39	40
Issue Date	20-Dec-2010	20-Dec-2010	20-Dec-2010	20-Dec-2010	20-Dec-2010	20-Dec-2010	20-Dec-2010
Original Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Current Rating	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA	AAA/Aaa/AAA
Currency	GBP	EUR	EUR	EUR	GBP	EUR	EUR
Issue Size	1,000,000,000	591,750,000	591,750,000	591,750,000	410,000,000	2,130,300,000	591,750,000
Issue Size (GBP equivalent)	1,000,000,000	500,000,000	500,000,000	500,000,000	410,000,000	1,800,000,000	500,000,000
Exchange Rate	1.0000	1.1835	1.1835	1.1835	1.0000	1.1835	1.1835
Outstanding Amount	1,000,000,000	591,750,000	591,750,000	591,750,000	410,000,000	2,130,300,000	591,750,000
Coupon	3M LIBOR+1.28	Annual Fixed	Annual Fixed	Annual Fixed	3M LIBOR+1.29%	Annual Fixed	Annual Fixed
Current Rate	2.03150%	3.37500%	3.37500%	3.37500%	2.28625%	3.62500%	3.50000%
Expected Maturity Date	27-Jan-14	27-Oct-14	25-Jan-16	25-Jan-16	27-May-14	27-Jul-15	23-Aug-17
Final Legal Maturity Date	27-Jan-14	27-Oct-14	25-Jan-16	25-Jan-16	27-May-14	27-Jul-15	23-Aug-17
Bond Structure	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet	Hard Bullet
ISIN:	XS0390482213	XS0390479185	XS0390479268	XS0391406591	XS0391406088	XS0391405783	XS0391405940
Stock Exchange Listing	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg	Luxembourg
Reference Rate	0.7515%	0.0000%	0.0000%	0.0000%	0.9963%	0.0000%	0.0000%
Margin	1.2800%	3.3750%	3.3750%	3.3750%	1.2900%	3.6250%	3.5000%
Current Bond Accrual Period	27/07/2012 to 29/10/2012	27/10/2011 to 27/10/2012	20/12/2011 to 20/12/2012	20/12/2011 to 20/12/2012	28/05/2012 to 27/08/2012	27/07/2012 to 29/07/2013	20/12/2011 to 20/12/2012

Previous Payment Date							
Expected Coupon Amount	5,231,808.22	14,258,555.13	14,258,555.13	14,258,555.13	2,336,985.96	55,133,079.85	14,786,649.77
Coupon Amount Paid	5,231,808.22	14,258,555.13	14,258,555.13	14,258,555.13	2,336,985.96	55,133,079.85	14,786,649.77
Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Interest Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Principal Bond Payment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Bond Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative Principal Shortfall	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Expected Intercompany interest amount (GBP)	496,636.99	248,318.49	248,318.49	248,318.49	203,621.16	893,946.58	248,318.49
Intercompany interest amount paid (GBP)	496,636.99	248,318.49	248,318.49	248,318.49	203,621.16	893,946.58	248,318.49
Expected Intercompany principal amount (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intercompany principal amount paid (GBP)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Series Name	41
Issue Date	24-Mar-2010
Original Rating	AAA/Aaa/AAA
Current Rating	AAA/Aaa/AAA
Currency	EUR
Issue Size	850,000,000
Issue Size (GBP equivalent)	766,615,000
Exchange Rate	1.1088
Outstanding Amount	850,000,000
Coupon	3M Euribor+0.95%
Current Rate	1.60400%
Expected Maturity Date	24-Mar-16
Final Legal Maturity Date	24-Mar-16
Bond Structure	Hard Bullet
ISIN:	XS0496583468
Stock Exchange Listing	Luxembourg
Reference Rate	0.6540%
Margin	0.9500%
Current Bond Accrual Period	25/06/2012 to 24/09/2012

Previous Payment Date	
Expected Coupon Amount	2,803,360.54
Coupon Amount Paid	2,803,360.54
Interest Shortfall	0.00
Cumulative Interest Shortfall	0.00
Expected Principal Bond Payment	0.00
Principal Bond Paid	0.00
Principal Shortfall	0.00
Cumulative Principal Shortfall	0.00
Expected Intercompany interest amount (GBP)	380,729.36
Intercompany interest amount paid (GBP)	380,729.36
Expected Intercompany principal amount (GBP)	0.00
Intercompany principal amount paid (GBP)	0.00

SWAPS

Covered Bond swaps

Issue	Currency swap Provider	Rates	Required Rating (S&P/Moody's Fitch)	Current Rating (S&P/Moody's Fitch)
2	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
4	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
5	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
6	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
7	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
9	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
10	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
11	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
12	Bank of Scotland plc	1m Libor +131.2bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
13	Bank of Scotland plc	1m Libor +143.2bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
14	Bank of Scotland plc	1m Libor +161.6bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
15	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
16	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
17	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
18	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
21	Bank of Scotland plc	GBP-LIBOR Flat	A-1+/A1/F1	A-1/P-1/F-1
22	Bank of Scotland plc	GBP-LIBOR Flat	A-1/A2 & P-1/A+ or F1	A-1/A2&P-1/A or F1
23	Bank of Scotland plc	GBP-LIBOR Flat	A-1/A2 & P-1/A+ or F1	A-1/A2&P-1/A or F1
25	Bank of Scotland plc	GBP-LIBOR Flat	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
26	Bank of Scotland plc	GBP-LIBOR Flat	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
29	Bank of Scotland plc	1m Libor +233.1bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
33	Bank of Scotland plc	1m Libor +160.8bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
35	Bank of Scotland plc	1m Libor +195.7bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
36	Bank of Scotland plc	1m Libor +159.4bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
37	Bank of Scotland plc	1m Libor +159.4bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
38	Bank of Scotland plc	1m Libor +162.1bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
39	Bank of Scotland plc	1m Libor +198.3bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
40	Bank of Scotland plc	1m Libor +132.2bps	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1
41	Bank of Scotland plc	GBP-LIBOR Flat	A-1 / A2 & P1 / A or F1	A-1/A2&P-1/A or F1

The notional amounts and LLP receive rates match the bond details shown in the 'Structure and Liability Details' section

Bank of Scotland plc €60bn Covered Bond programme

Collateral posted

Currency SWAP Provider	Collateral Posted
Bank of Scotland plc	£4,922,700,000.00

Covered Bond Swaps are contingent swaps and actual payments / receipts are triggered only after certain events related to the swap counterparty

Swaps have been written over a number of years using the rating agency criteria applicable at the time of that transaction. Therefore the terms of each swap can differ. The Current Triggers above reflect the level at which collateral is required to be posted.

Interest rate swap

Interest rate swap provider	Notional Amount	Calculation Period Swap Provider amount	Calculation period Issuer Amount	Collateral Posted
Bank of Scotland plc	£ 33,834,302,044.65	£ 48,359,210.33	£ 110,145,308.51	£ -

Other Key Parties

Issuer	Bank of Scotland plc
Servicer	Bank of Scotland plc
Cash Manager	Bank of Scotland plc
Account Bank	Bank of Scotland plc
GIC Provider	Bank of Scotland plc
Interest Rate Swap Provider	Bank of Scotland plc
Covered Bond Swap Provider	Bank of Scotland plc
Standby Account Bank	Citibank NA, London branch
Standby GIC Provider	Citibank NA, London branch
Issuing and Principal Paying Agent	Citibank NA, London branch
Bond Trustee	Citicorp Trustee Company Ltd
Security Trustee	Citicorp Trustee Company Ltd
Group Guarantor	HBOS plc

Bank of Scotland plc €60bn Covered Bond programme

Counterparty linked rating triggers

Party to the Transaction	Name	Required Rating (S&P / Moody's/Fitch)	Rating (where required) (S&P / Moody's/Fitch)	Status	Consequences
Issuer	Bank of Scotland plc	1. Short term < A-1+ / Long term <A1 or short term <P-1 / short term <F1+	A-1 / A2; P-1 / F1	Breached	Pre-Maturity Liquidity Test breach resulting in need to fund the Pre-Maturity Liquidity Ledger in respect of upcoming hard bullet bonds and/or leading to the sale of Selected Loans
		2. Short term <A-1+ / Short term <P-1 / short term <F1+	A-1 / P-1 / F1	Breached	Issuer required to establish and maintain Reserve Fund
Servicer	Bank of Scotland plc	Long term <BBB- / long term <Baa3 / long term < BBB-	A / A2 / A	Not breached	Servicer required to use reasonable efforts to enter, within 60 days, into a back-up or master servicing agreement with a third party with suitable experience and credentials
Cash Manager or Issuer	Bank of Scotland plc / Bank of Scotland plc	Long term <BBB- / long term <Baa3 / long term < BBB-	A / A2 / A	Not breached	Asset Monitor required to report on arithmetic accuracy of Cash Manager's calculations more frequently
Account Bank	Bank of Scotland plc	Short term A-1+ / short term <P-1 / short term <F1	A-1 / P-1 / F1	Not breached (S&P rating waived)	Termination Event pursuant to the Bank Account Agreement, unless such downgrade is remedied in accordance with the terms of the Bank Account Agreement
Seller	Bank of Scotland plc	Long term <BBB- / long term <Baa3 / long term < BBB-	A / A2 / A	Not breached	Legal title to the loans and their Related Security transferred to LLP
Covered Bonds Swap Provider(s)	Bank of Scotland plc	Counterparty credit ratings are downgraded by a Rating Agency below the required ratings specified in the relevant swap agreement.	A; A-1/ A2; P-1 / A; F1	Some breached; others not	Swap provider to provide collateral for its obligations, procure another entity to become a co-obligor or guarantor, arrange for its obligations to be transferred to a replacement counterparty or terminate the swap. Where applicable, Counterparty is posting collateral.
Interest Rate Swap Provider	Bank of Scotland plc	Counterparty credit ratings are downgraded by a Rating Agency below the required ratings specified in the relevant swap agreement.	A; A-1 / A2; P-1 / A; F1	Not breached	Swap provider to provide collateral for its obligations, arrange for its obligations to be transferred to a replacement counterparty or terminate the swap

Issuer and LLP Events of Default

Party	Trigger Event	Status	Consequences
Issuer	Any of the events listed at Condition 10(a) (Events of Default, Acceleration and Enforcement – HBOS Events of Default) occurs. See the section of the Prospectus entitled "Terms and Conditions of the Covered Bonds" for more information.	Not breached	<ul style="list-style-type: none"> Covered Bonds become accelerated as against the Issuer (but not against the LLP). Notice to Pay served on the LLP. Following service of Notice to Pay, LLP starts making payments of Guaranteed Amounts under the Covered Bonds.
LLP	Any of the events listed at Condition 10(b) of the Prospectus (<i>Events of Default and Enforcement – LLP Events of Default</i>) occurs and an LLP Acceleration Notice is served. See the section of the Prospectus entitled " Terms and Conditions of the Covered Bonds " for more information.	Not breached	<ul style="list-style-type: none"> Security becomes enforceable. Covered Bonds will become immediately due and repayable as against the Issuer (if not already the case) and also against the LLP. Moneys received or recovered by the Security Trustee will be applied in accordance with the Post-Enforcement Priority of Payments.

Glossary

Term	Definition
Months in Arrears	The number of months in arrears is based on the most recent payments due. It is not the amount of arrears/current payment due. The arrears table on Page 1 includes the repossession figures.
Accounts in arrears	A loan is identified as being in arrears where an amount equal to or greater than a full month's contractual payment is outstanding at the end of the month.
Current LTV	Current LTV is calculated using the current outstanding mortgage balance over the latest valuation amount
Indexed LTV	Indexed LTV is calculated using the current outstanding mortgage balance over the Halifax House Price Index for that property. This is updated quarterly in January, April, July and October.
Seasoning	Seasoning is reported on an aggregated basis for each mortgage account. It is calculated using the origination date of the original loan in the mortgage account and ignores any subsequent loans on the mortgage account.
Region	Reported Regions are Nomenclature of Units for Territorial Statistics 1 classifications (NUTS1)
Type of loan	The "Type of Loan", "Fixed Rate" and "Year in which Current Fixed rate period ends" have been prepared on the basis of the type of loan applicable to each mortgage accounts primary product holding. In addition to the primary product holding, a mortgage account may other active product holdings which may or may not be the same type as the main product holding.
PPR	Monthly PPR reflects the aggregate of scheduled and unscheduled principal receipts, including the proceeds from loan repurchases by the Seller. It should be noted that in previous reports this was labelled CPR. Constant Prepayment Rate (CPR) reflects payments received in addition to scheduled principal repayments and is not currently currently available.
Outstanding Principal Balance	the aggregate principal balance of the loans including (without double counting) the initial advance, any further advance, any flexible drawing, capitalised expenses, capitalised arrears and capitalised interest less any prepayments, repayments or payments of the foregoing prior to the relevant date, plus accrued interest on the loans at the relevant date
Capitalised arrears	is a reclassification of an account where the arrears of interest may be capitalised with the agreement of the borrower once a borrower has made six consecutive scheduled payments of at least the contractual payment
Default	A loan is not defined as defaulted until the property relating to that loan has been taken into possession. A loan is not charged off as uncollectable until the property relating to that loan has been disposed of following default.
The following are definitions specifically relating to the Asset Coverage test only	
Original Valuation	in relation to any property means the value given to that Property by the most recent valuation addressed to the Seller of the loan secured over the Property
Indexed Valuation	(a) where the Original Valuation of the property is equal to or greater than the Halifax Price Indexed Valuation as at that date, the Halifax Price indexed Valuation (b) where the Original Valuation of the property is less than the Halifax Price Indexed Valuation as at that date, the Original Valuation plus 85% of the difference between the Original Valuation and the Halifax Price Indexed Valuation