

**HBOS SOCIAL HOUSING COVERED BONDS LLP**  
**QUARTERLY REPORT - QUARTER 1 2011**

**Date of Report** 15-Mar-2011

**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	31,910,538
Principal GIC Sub-Account	582,550,162
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>614,460,699</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	65
<b>Transaction Account Total</b>	<b>65</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	1,573,715,068
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>1,573,715,068</b>

**Credit Ratings**

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	Aa3	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	2,931,161,668
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	535,871,143
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	63,041,781

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**Total: A+B+C+D+E-X** **3,403,991,029**

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Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	PASS
Asset Percentage	86.00%
Maximum Level of Issuance	99.87%
Current Level of Issuance	70.42%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	3,408,327,520
Number of Loan Agreements in the Portfolio	72
Average Loan Balance	47,337,882

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	256,284,373	7.5%	4	24
East Midlands	340,928,007	10.0%	4	59
London	721,295,187	21.2%	16	86
North East	17,501,739	0.5%	1	11
North West	243,417,016	7.1%	11	61
South East	967,218,774	28.4%	13	122
South West	383,189,162	11.2%	11	63
Wales	48,527,089	1.4%	2	17
West Midlands	379,799,091	11.1%	8	46
Yorkshire & The Humber	50,167,082	1.5%	2	13
<b>Totals</b>	<b>3,408,327,520</b>	<b>100.0%</b>	<b>72</b>	<b>502</b>

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**Asset Cover \***

\* 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.

Multiple Bases = Following consolidation in the sector, many RSL's now hold housing stock which has been valued on various bases.

Asset Cover - Covenant	Basis I	Basis II - LSVT	Basis II - Mixed-funded	Multiple Bases
100% - <105%	1	0	0	2
105% - <110%	11	2	0	5
110% - <115%	6	1	12	4
115% - <120%	2	0	9	1
120% - <125%	0	0	5	1
125% - <130%	1	0	5	0
130% - <135%	2	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	0	0

Asset Cover - Actual	Basis I	Basis II - LSVT	Basis II - Mixed-funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	2	0	0	3
110% - <115%	2	0	4	0
115% - <120%	1	0	2	2
120% - <125%	2	0	0	1
125% - <130%	3	1	4	1
130% - <135%	1	0	1	1
135% - <140%	1	0	1	0
140% +	11	2	21	5

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed-funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	23,531,723	0	0	296,323,018
110% - <115%	58,499,511	0	213,210,210	0
115% - <120%	31,472,590	0	90,648,554	232,975,524
120% - <125%	198,246,579	0	0	70,499,844
125% - <130%	120,444,567	80,006,340	86,940,902	100,587,125
130% - <135%	13,302,726	0	20,054,076	74,756,211
135% - <140%	59,710,258	0	71,435,018	0
140% +	610,622,474	95,585,144	623,532,252	235,942,875

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	14	704,774,752
25 bps - <30 bps	19	1,255,022,757
30 bps - <40 bps	10	499,888,771
40 bps - <50 bps	8	225,223,040
50 bps - <60 bps	6	191,109,721
60 bps - <80 bps	7	169,736,818
80 bps - <100 bps	3	183,718,947
100 bps - <120 bps	2	22,870,386
120 bps - <140 bps	3	155,982,328
140 bps +	0	0
<b>Total</b>	<b>72</b>	<b>3,408,327,520</b>
<b>Weighted average (bps)</b>		<b>39.62</b>

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**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	26	440,718,677
500 units - <1,000 units	16	711,221,033
1,000 units - <2,000 units	7	317,706,767
2,000 units - <3,000 units	3	253,309,890
3,000 units - <4,000 units	5	443,544,283
4,000 units - <5,000 units	5	428,390,554
5,000 units - <10,000 units	8	715,928,238
10,000 units - <15,000 units	1	17,501,739
15,000 units - <20,000 units	1	80,006,340
20,000 units +	0	0
<b>Total</b>	<b>72</b>	<b>3,408,327,520</b>
<b>Weighted average (units)</b>		<b>3,372</b>

**Maturity**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	3	162,579,582
5 years - <10 years	2	41,351,365
10 years - <15 years	7	116,915,375
15 years - <20 years	8	501,640,280
20 years - <25 years	13	572,340,846
25 years - <30 years	29	1,371,954,105
30 years +	10	641,545,967
<b>Total</b>	<b>72</b>	<b>3,408,327,520</b>
<b>Weighted average (years)</b>		<b>23.8</b>

**Valuation Date**

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,654
2002 - 2004	3	96,031,719
2004 - 2006	15	596,905,617
2006 - 2008	33	1,678,160,730
2008 - 2010	20	1,032,226,800
2010 - present	0	0
<b>Total</b>	<b>72</b>	<b>3,408,327,520</b>
<b>Weighted average (date)</b>		<b>Jan-2008</b>

**Top Ten Borrowers**

Rank	Balance	Percentage
1	189,818,900	5.60%
2	167,000,000	4.90%
3	141,000,000	4.16%
4	132,200,000	3.92%
5	125,811,975	3.69%
6	108,210,000	3.19%
7	106,730,430	3.14%
8	100,000,000	2.95%
9	98,000,000	2.91%
10	95,000,000	2.82%