

**HBOS SOCIAL HOUSING COVERED BONDS LLP  
QUARTERLY REPORT - QUARTER 3 2011**

**Date of Report** 15-Sep-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	31,695,384
Principal GIC Sub-Account	790,465,630
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>822,161,014</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	67
<b>Transaction Account Total</b>	<b>67</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	1,763,514,782
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>1,763,514,782</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	2,892,840,566
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	672,327,207
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	59,666,181

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**Total: A+B+C+D+E-X** **3,505,501,591**

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Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	<b>PASS</b>
Asset Percentage	85.00%
Maximum Level of Issuance	103.00%
Current Level of Issuance	70.52%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	3,403,341,842
Number of Loan Agreements in the Portfolio	67
Average Loan Balance	50,796,147

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	285,381,876	8.4%	4	36
East Midlands	352,977,245	10.4%	4	62
London	684,496,713	20.1%	15	95
North East	0	0.0%	0	0
North West	225,059,209	6.6%	8	62
South East	989,032,406	29.1%	13	108
South West	393,815,192	11.6%	11	68
Wales	47,774,537	1.4%	2	17
West Midlands	377,134,948	11.1%	8	45
Yorkshire & The Humber	47,669,717	1.4%	2	11
<b>Totals</b>	<b>3,403,341,842</b>	<b>100.0%</b>	<b>67</b>	<b>504</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	12	717,974,465
25 bps - <30 bps	21	1,268,301,165
30 bps - <40 bps	9	530,818,308
40 bps - <50 bps	9	265,045,904
50 bps - <60 bps	3	82,133,898
60 bps - <80 bps	5	156,441,681
80 bps - <100 bps	4	187,015,956
100 bps - <120 bps	1	22,684,558
120 bps - <140 bps	3	172,925,905
140 bps +	0	0
<b>Total</b>	<b>67</b>	<b>3,403,341,842</b>
<b>Weighted average (bps)</b>		<b>39.93</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	23	361,833,887
500 units - <1,000 units	15	635,814,844
1,000 units - <2,000 units	7	397,826,313
2,000 units - <3,000 units	3	261,217,132
3,000 units - <4,000 units	5	464,431,776
4,000 units - <5,000 units	5	419,772,972
5,000 units - <10,000 units	8	782,389,108
10,000 units - <15,000 units	0	0
15,000 units - <20,000 units	1	80,055,809
20,000 units +	0	0
<b>Total</b>	<b>67</b>	<b>3,403,341,842</b>
<b>Weighted average (units)</b>		<b>3,488</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	3	162,427,367
5 years - <10 years	2	40,412,751
10 years - <15 years	6	97,775,258
15 years - <20 years	6	348,472,297
20 years - <25 years	17	874,032,908
25 years - <30 years	23	1,183,703,777
30 years +	10	696,517,485
<b>Total</b>	<b>67</b>	<b>3,403,341,842</b>
<b>Weighted average (years)</b>		<b>23.9</b>

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,941
2002 - 2004	3	96,545,457
2004 - 2006	14	581,008,185
2006 - 2008	31	1,652,157,131
2008 - 2010	18	1,068,628,128
2010 - present	0	0
<b>Total</b>	<b>67</b>	<b>3,403,341,842</b>
<b>Weighted average (date)</b>		<b>Feb-2008</b>

Rank	Balance	Percentage
1	190,751,696	5.60%
2	188,575,230	5.54%
3	146,928,508	4.32%
4	141,989,961	4.17%
5	140,704,548	4.13%
6	124,883,263	3.67%
7	106,974,115	3.14%
8	100,599,948	2.96%
9	99,373,511	2.92%
10	96,542,612	2.84%

**Asset Cover Analysis at Calculation Date**

Asset Cover - Covenant No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	1	0	0	1
105% - <110%	11	2	0	4
110% - <115%	5	1	10	5
115% - <120%	1	0	8	1
120% - <125%	0	0	6	1
125% - <130%	1	0	5	0
130% - <135%	2	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
<b>Total</b>	<b>21</b>	<b>3</b>	<b>31</b>	<b>12</b>
				<b>67</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	1	0	0	0
105% - <110%	4	0	0	2
110% - <115%	3	0	2	2
115% - <120%	0	0	2	2
120% - <125%	0	0	3	1
125% - <130%	1	0	4	1
130% - <135%	3	0	3	1
135% - <140%	2	0	0	0
140% +	7	3	17	3
<b>Total</b>	<b>21</b>	<b>3</b>	<b>31</b>	<b>12</b>
				<b>67</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	6,869,356	0	0	0
105% - <110%	87,060,394	0	0	237,247,160
110% - <115%	201,076,073	0	156,153,655	149,398,849
115% - <120%	0	0	97,412,900	232,941,677
120% - <125%	0	0	77,979,675	100,599,948
125% - <130%	96,117,925	0	133,963,318	70,520,795
130% - <135%	148,009,152	0	47,287,538	45,439,775
135% - <140%	154,208,986	0	0	0
140% +	463,322,562	179,063,040	512,451,478	206,217,584
<b>Total</b>	<b>1,156,664,448</b>	<b>179,063,040</b>	<b>1,025,248,565</b>	<b>1,042,365,788</b>
				<b>3,403,341,842</b>

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.