

**HBOS SOCIAL HOUSING COVERED BONDS LLP  
QUARTERLY REPORT - QUARTER 1 2012**

**Date of Report** 15-Mar-2012

**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	31,988,522
Principal GIC Sub-Account	115,930,659
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>147,919,181</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	70
<b>Transaction Account Total</b>	<b>70</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	1,028,204,573
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>1,028,204,573</b>

**Credit Ratings**

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	A1	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	2,788,965,329
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	56,327,272

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**Total: A+B+C+D+E-X** **2,732,638,057**

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Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	PASS
Asset Percentage	83.30%
Maximum Level of Issuance	81.62%
Current Level of Issuance	71.68%

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**Portfolio Characteristics**

Total of the aggregate Current Balance of Loans in the Portfolio	3,348,097,633
Number of Loan Agreements in the Portfolio	63
Average Loan Balance	53,144,407

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	285,203,445	8.5%	4	21
East Midlands	356,835,327	10.7%	4	62
London	677,705,698	20.2%	15	80
North East	0	0.0%	0	0
North West	231,968,318	6.9%	8	64
South East	899,052,404	26.9%	12	98
South West	400,064,079	11.9%	9	67
Wales	48,068,361	1.4%	2	18
West Midlands	402,791,371	12.0%	7	47
Yorkshire & The Humber	46,408,632	1.4%	2	11
<b>Totals</b>	<b>3,348,097,633</b>	<b>100.0%</b>	<b>63</b>	<b>468</b>

**Margin**

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	10	652,911,441
25 bps - <30 bps	20	1,168,713,863
30 bps - <40 bps	10	662,864,773
40 bps - <50 bps	7	224,097,287
50 bps - <60 bps	4	103,941,792
60 bps - <80 bps	4	148,758,974
80 bps - <100 bps	4	189,500,360
100 bps - <120 bps	1	22,669,577
120 bps - <140 bps	3	174,639,567
140 bps +	0	0
<b>Total</b>	<b>63</b>	<b>3,348,097,633</b>
<b>Weighted average (bps)</b>		<b>41.10</b>

**Property Numbers**

Property Numbers	No. Facilities	Balance
0 units - <500 units	19	295,314,966
500 units - <1,000 units	14	542,100,257
1,000 units - <2,000 units	10	551,438,947
2,000 units - <3,000 units	2	115,870,784
3,000 units - <4,000 units	5	493,159,178
4,000 units - <5,000 units	4	505,809,089
5,000 units - <10,000 units	8	762,852,956
10,000 units - <15,000 units	0	0
15,000 units - <20,000 units	1	81,551,457
20,000 units +	0	0
<b>Total</b>	<b>63</b>	<b>3,348,097,633</b>
<b>Weighted average (units)</b>		<b>3,513</b>

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**Portfolio Characteristics (cont)**

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	4	233,971,397
5 years - <10 years	3	44,830,545
10 years - <15 years	6	143,442,489
15 years - <20 years	6	299,027,055
20 years - <25 years	13	763,001,222
25 years - <30 years	25	1,323,278,458
30 years +	6	540,546,467
<b>Total</b>	<b>63</b>	<b>3,348,097,633</b>
<b>Weighted average (years)</b>		<b>22.9</b>

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,399
2002 - 2004	3	59,569,376
2004 - 2006	14	619,486,208
2006 - 2008	27	1,554,013,606
2008 - 2010	18	1,110,026,044
2010 - present	0	0
<b>Total</b>	<b>63</b>	<b>3,348,097,633</b>
<b>Weighted average (date)</b>		<b>Mar-2008</b>

Rank	Balance	Percentage
1	189,988,821	5.67%
2	175,963,526	5.26%
3	159,041,546	4.75%
4	150,131,284	4.48%
5	137,163,430	4.10%
6	125,601,272	3.75%
7	106,977,763	3.20%
8	102,037,421	3.05%
9	100,562,351	3.00%
10	99,323,010	2.97%

**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	0
105% - <110%	9	1	0	2
110% - <115%	3	1	10	5
115% - <120%	2	0	8	3
120% - <125%	2	0	6	2
125% - <130%	1	0	5	0
130% - <135%	0	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
<b>Total</b>	<b>18</b>	<b>2</b>	<b>31</b>	<b>12</b>
				<b>63</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%	3	0	0	0
110% - <115%	1	0	3	2
115% - <120%	1	0	3	4
120% - <125%	2	0	3	0
125% - <130%	1	0	3	2
130% - <135%	2	0	3	0
135% - <140%	0	0	1	1
140% +	7	2	15	3
<b>Total</b>	<b>18</b>	<b>2</b>	<b>31</b>	<b>12</b>
				<b>63</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	97,918,495	0	0	0
105% - <110%	76,663,991	0	0	0
110% - <115%	20,126,672	0	175,142,266	212,742,562
115% - <120%	150,131,284	0	112,433,802	425,807,722
120% - <125%	137,837,715	0	67,841,779	0
125% - <130%	22,011,036	0	267,872,551	144,288,232
130% - <135%	145,682,097	0	51,989,443	0
135% - <140%	0	0	52,969,175	10,929,732
140% +	465,678,992	170,246,100	365,361,288	174,422,701
<b>Total</b>	<b>1,116,050,281</b>	<b>170,246,100</b>	<b>1,093,610,303</b>	<b>968,190,949</b>
				<b>3,348,097,633</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.