

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 3 2012**

Date of Report 14-Sep-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	31,927,896
Principal GIC Sub-Account	271,415,972
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	303,343,868

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	72
Transaction Account Total	72

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	971,986,781
Capital Account - Addison Social Housing LLP	0
Total	971,986,781

Credit Ratings

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	A2	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	2,552,140,276
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	52,970,017

Total: A+B+C+D+E-X **2,499,170,259**

Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	PASS
Asset Percentage	83.30%
Maximum Level of Issuance	81.57%
Current Level of Issuance	78.33%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	3,063,793,849
Number of Loan Agreements in the Portfolio	61
Average Loan Balance	50,226,129

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	291,162,247	9.5%	4	21
East Midlands	254,504,557	8.3%	3	38
London	549,402,856	17.9%	14	83
North East	0	0.0%	0	0
North West	240,193,596	7.8%	8	67
South East	900,808,325	29.4%	12	106
South West	399,305,829	13.0%	9	63
Wales	45,357,828	1.5%	2	18
West Midlands	339,135,145	11.1%	7	43
Yorkshire & The Humber	43,923,464	1.4%	2	12
Totals	3,063,793,849	100.0%	61	451

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	8	502,803,875
25 bps - <30 bps	21	1,157,149,430
30 bps - <40 bps	9	580,349,352
40 bps - <50 bps	7	220,171,192
50 bps - <60 bps	4	102,780,588
60 bps - <80 bps	4	144,566,707
80 bps - <100 bps	4	189,536,740
100 bps - <120 bps	2	115,371,154
120 bps - <140 bps	2	51,064,812
140 bps +	0	0
Total	61	3,063,793,849
Weighted average (bps)		40.01

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	21	323,213,762
500 units - <1,000 units	13	530,560,016
1,000 units - <2,000 units	8	402,083,155
2,000 units - <3,000 units	2	121,685,328
3,000 units - <4,000 units	6	581,372,398
4,000 units - <5,000 units	2	253,668,824
5,000 units - <10,000 units	8	770,675,155
10,000 units - <15,000 units	0	0
15,000 units - <20,000 units	1	80,535,211
20,000 units +	0	0
Total	61	3,063,793,849
Weighted average (units)		3,521

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	4	232,351,849
5 years - <10 years	4	49,317,589
10 years - <15 years	6	178,449,041
15 years - <20 years	6	280,613,841
20 years - <25 years	19	823,729,222
25 years - <30 years	20	1,298,378,959
30 years +	2	200,953,348
Total	61	3,063,793,849
Weighted average (years)		21.9

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,002,067
2002 - 2004	3	61,590,866
2004 - 2006	14	551,933,543
2006 - 2008	26	1,440,671,628
2008 - 2010	17	1,004,595,745
2010 - present	0	0
Total	61	3,063,793,849
Weighted average (date)		Mar-2008

Rank	Balance	Percentage
1	190,025,521	6.20%
2	159,023,116	5.19%
3	150,088,726	4.90%
4	137,144,262	4.48%
5	114,969,275	3.75%
6	110,237,218	3.60%
7	100,644,846	3.28%
8	100,308,502	3.27%
9	99,415,934	3.24%
10	99,194,981	3.24%

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%	6	1	0	2
110% - <115%	3	1	10	6
115% - <120%	2	0	8	2
120% - <125%	2	0	5	2
125% - <130%	1	0	6	0
130% - <135%	1	0	2	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
Total	16	2	31	12
				61

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	4	0	1	0
105% - <110%	2	0	0	0
110% - <115%	1	0	3	3
115% - <120%	0	0	3	4
120% - <125%	1	0	4	1
125% - <130%	1	0	3	1
130% - <135%	1	0	2	0
135% - <140%	0	0	2	0
140% +	7	2	12	3
Total	17	2	30	12
				61

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	407,251,488	0	114,969,275	0
105% - <110%	58,065,659	0	0	0
110% - <115%	20,168,827	0	178,168,260	254,504,557
115% - <120%	0	0	112,457,740	372,845,002
120% - <125%	43,745,336	0	98,857,353	100,644,846
125% - <130%	22,028,499	0	73,217,102	72,707,181
130% - <135%	0	0	38,644,940	0
135% - <140%	0	0	52,939,912	0
140% +	468,112,533	173,416,018	224,833,173	176,216,146
Total	1,019,372,342	173,416,018	894,087,757	976,917,733
				3,063,793,849

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.