HBOS SOCIAL HOUSING COVERED BONDS LLP QUARTERLY REPORT - QUARTER 4 2012

Current Counterparties Group Guarantors HBOS plc Servicer Bank of Scotland plc Cash Manager 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 Account Bank Provider Bank of Scotland plc GC Sub Account 28.569.865 Principal (SC Sub-Account) 215.187.400 Principal (SC Sub-Account) 243.757.689 Transaction Account 0 Transaction Principal Account 0 Transaction Prevenue Account 0<			
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GIC Sub Account 28,569,885 Principal GIC Sub-Account 215,187,804 Reserve GIC Sub-Account 0 Liquidation GIC Sub-Account 0 GIC Account Total 243,757,689 Transaction Principal Account 0 Transaction Principal Account 0 Transaction Principal Account 0 Transaction Revenue Account 73 Transaction Revenue Account 740,269,870 Capital Account - Bank of Scotland 740,269,870 Capital Account - Addison Social Housing LLP 0 Total 740,269,870 Credit Ratings Long Term Bank of Scotland pic P-1 A-1 A2 HBOS Event of Default? NO	Interest Rate Swap Provider	Bank of Scotland plc	
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Authorised Investments Balance 0 Total 0 Capital Contribution Balance 740,269,870 Capital Account - Bank of Scotland 740,269,870 Capital Account - Addison Social Housing LLP 0 Total 740,269,870 Credit Ratings 740,269,870 Bank of Scotland plc P-1 Authorised Investments Balance Authority State	Iransaction Account Total	73	
Capital Account - Bank of Scotland Capital Account - Addison Social Housing LLP Total Tota	Substitution Assets Balance Authorised Investments Balance Total	0	
Short Term Long Term Moodys S&P Bank of Scotland plc P-1 A-1 A2 HBOS Event of Default?	Capital Account - Bank of Scotland Capital Account - Addison Social Housing LLP Total	0	
Moodys S&P Moodys S&P Bank of Scotland pic P-1 A-1 A2 A	Credit Ratings	Short Term	Long Term
	Bank of Scotland plc	Moodys S&P	Moodys S&P
LLP Event of Default? NO	HBOS Event of Default?	NO	
	LLP Event of Default?	NO	

HBOS SOCIAL HOUSING COVERED BONDS LLP QUARTERLY REPORT - QUARTER 4 2012

E = Sale Proceeds	0	
C = Unapplied Cash Capital Contributions D = Substitution Assets	0 0	
B = Unapplied Principal Receipts	0	
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	2,456,135,171	

Principal Amount Outstanding	2,400,000,000
Asset Coverage Test	PASS
Asset Percentage	83.30%
Maximum Level of Issuance	81.56%
Current Level of Issuance	81.40%

Total of the aggregate Current Balance of Loans in the Portfolio	2,948,541,621
Number of Loan Agreements in the Portfolio	58
Average Loan Balance	50,836,925

Region	Aggregate Current	% of Total	Number of Loan	Number of Loan
	Balance		Agreements	Accounts
East	288,068,959	9.8%	4	21
East Midlands	254,637,959	8.6%	3	38
London	547,428,122	18.6%	14	79
North East	0	0.0%	0	0
North West	202,743,567	6.9%	7	62
South East	844,087,680	28.6%	12	103
South West	402,001,890	13.6%	9	65
Wales	44,592,489	1.5%	2	18
West Midlands	321,061,663	10.9%	5	39
Yorkshire & The Humber	43,919,292	1.5%	2	12
Totals	2,948,541,621	100.0%	58	437

Margin

Portfolio Characteristics

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	7	334,654,036
25 bps - <30 bps	21	1,285,503,149
30 bps - <40 bps	8	514,140,404
40 bps - <50 bps	7	218,989,186
50 bps - <60 bps	4	100,217,425
60 bps - <80 bps	2	38,403,377
80 bps - <100 bps	4	182,586,595
100 bps - <120 bps	2	115,641,699
120 bps - <140 bps	3	158,405,751
140 bps +	0	0
Total	58	2,948,541,621
Weighted average (bps)		42.68

Property Numbers

Property Numbers	No. Facilities	Balance	
0 units - <500 units	19	303,038,099	
500 units - <1,000 units	13	530,611,320	
1,000 units - <2,000 units	8	403,024,176	
2,000 units - <3,000 units	2	121,421,416	
3,000 units - <4,000 units	5	544,490,485	
4,000 units - <5,000 units	2	202,600,098	
5,000 units - <10,000 units	8	769,786,946	
10,000 units - <15,000 units	0	C	
15,000 units - <20,000 units	1	73,569,082	
20,000 units +	0	0	
Total	58	2,948,541,621	
Weighted average (units)		3,501	

HBOS SOCIAL HOUSING COVERED BONDS LLP QUARTERLY REPORT - QUARTER 4 2012

Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	3	226,899,041
5 years - <10 years	4	48,315,463
10 years - <15 years	5	135,009,867
15 years - <20 years	6	229,156,705
20 years - <25 years	25	1,303,255,063
25 years - <30 years	15	1,005,905,483
30 years +	0	0
Total	58	2,948,541,621
Weighted average (years)		21.9
Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,985
2002 - 2004	2	13,446,200
2004 - 2006	- 14	559,811,229
2006 - 2008	26	1,395,149,608
2008 - 2010	15	975,132,600
2010 - present	0	0
Total	58	2,948,541,621
Weighted average (date)		Mar-2008
Rank	Delever	Demonstration
Rank 1	Balance 159,023,224	Percentage 5.39%
-	147,082,038	5.39%
2 3	138,976,462	4.99%
3 4	138,976,462	4.71%
5	124,521,075	4.05%
6	110,200,566	3.74%
8	100,772,365	3.42%
8	100,772,303	3.42%
8 9	99,410,629	3.40%
10	99,184,643	3.36%

Asset Cover Analysis at Calculation Date

Asset Cover - Covenant	Basis I	Basis II - LSVT	Basis II - Mixed-	Multiple Bases
No. of Facilities			funded	
100% - <105%	1	0	0	0
105% - <110%	6	1	0	2
110% - <115%	3	1	8	6
115% - <120%	2	0	8	2
120% - <125%	3	0	5	2
125% - <130%	1	0	5	0
130% - <135%	1	0	1	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
Total	17	2	27	12
				58

Asset Cover - Actual	Basis I	Basis II - LSVT	Basis II - Mixed-	Multiple Bases
No. of Facilities			funded	
100% - <105%	4	0	1	C
105% - <110%	2	0	0	C
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	C
135% - <140%	0	0	2	C
140% +	7	2	9	3
Total	17	2	27	12
				58

Drawn Balance by	Basis I	Basis II - LSVT	Basis II - Mixed-	Multiple Bases
Actual Asset Cover			funded	-
100% - <105%	398,760,682	0	124,521,075	0
105% - <110%	58,066,252	0	0	0
110% - <115%	20,167,037	0	178,120,498	254,637,959
115% - <120%	0	0	112,485,375	321,777,878
120% - <125%	50,315,660	0	101,660,226	100,772,365
125% - <130%	21,030,683	0	73,215,210	72,704,378
130% - <135%	0	0	38,658,672	0
135% - <140%	0	0	52,970,259	0
140% +	471,911,007	166,974,008	158,170,958	171,621,440
Total	1,020,251,321	166,974,008	839,802,272	921,514,020
	· · ·			2,948,541,621

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.