

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

Date of Report 14-Dec-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	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 Accounts

Transaction Principal Account	0
Transaction Revenue Account	73
Transaction Account Total	73

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	740,269,870
Capital Account - Addison Social Housing LLP	0
Total	740,269,870

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	2,456,135,171
B = Unapplied Principal Receipts	0
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	51,300,563

Total: A+B+C+D+E-X **2,404,834,608**

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%

Portfolio Characteristics

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 Balance	% of Total	Number of Loan Agreements	Number of Loan 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

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	0
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

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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	Balance	Percentage
1	159,023,224	5.39%
2	147,082,038	4.99%
3	138,976,462	4.71%
4	137,135,931	4.65%
5	124,521,075	4.22%
6	110,200,566	3.74%
7	100,772,365	3.42%
8	100,284,476	3.40%
9	99,410,629	3.37%
10	99,184,643	3.36%

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	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 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	9	3
Total	17	2	27	12
				58

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
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.