HBOS SOCIAL HOUSING COVERED BONDS LLP QUARTERLY REPORT - QUARTER 2 2013

Date of Report 14-Jun-2013 Current Counterparties HBOS pic Group Guarantors HBOS pic Servicer Bank of Scotland pic Cash Manager Bank of Scotland pic Covered Bond Swap Provider Bank of Scotland pic Covered Bond Swap Provider Bank of Scotland pic Interest Rate Swap Provider Bank of Scotland pic Account Bank Provider Bank of Scotland pic Account Bank Provider Bank of Scotland pic Git Sub-Account 26,839,188 Principal Git Sub-Account 223,820,070 Berevenue Git Sub-Account 250,759,259 Transaction Accounts 0 Transaction Account 63 Transaction Account 63 Transaction Account 63 Transaction Account 63 Transaction Account 0 Autorised Investments Balance 0					
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Bank of Scotland plc P-1 A-1 A2 A		Moodys	S&P	Moodys	S&P
	HBOS Event of Default?	NO	1		
HBOS Event of Default? NO					

HBOS SOCIAL HOUSING COVERED BONDS LLP QUARTERLY REPORT - QUARTER 2 2013

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	2,261,063,233		
B = Unapplied Principal Receipts	223,920,070		
C = Unapplied Cash Capital Contributions	0		
D = Substitution Assets	0		
E = Sale Proceeds	0		
X = Outstanding Weighted Average Margin	47,022,251		
Total: A+B+C+D+E-X		2,437,961,053	
Principal Amount Outstanding		1,800,000,000	
Asset Coverage Test		PASS	
Asset Percentage		81.50%	
		87.88%	
Maximum Level of Issuance		07.0078	
Maximum Level of Issuance Current Level of Issuance		64.88%	

Total of the aggregate Current Balance of Loans in the Portfolio	2,774,310,715
Number of Loan Agreements in the Portfolio	51
Average Loan Balance	54,398,249

Region	Aggregate Current	% of Total	Number of Loan	Number of Loan
	Balance		Agreements	Accounts
East	288,525,153	10.4%	4	15
East Midlands	254,304,574	9.2%	3	38
London	523,782,229	18.9%	12	91
North East	0	0.0%	0	0
North West	210,089,426	7.6%	7	66
South East	758,761,718	27.3%	10	92
South West	282,855,736	10.2%	6	52
Wales	44,258,850	1.6%	2	16
West Midlands	368,035,045	13.3%	5	51
Yorkshire & The Humber	43,697,983	1.6%	2	12
Totals	2,774,310,715	100.0%	51	433

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	5	277,988,699
25 bps - <30 bps	17	1,059,197,580
30 bps - <40 bps	10	695,548,638
40 bps - <50 bps	5	139,420,632
50 bps - <60 bps	4	100,410,646
60 bps - <80 bps	3	43,092,290
80 bps - <100 bps	1	108,453,613
100 bps - <120 bps	3	277,494,757
120 bps - <140 bps	2	57,660,881
140 bps +	1	15,042,978
Total	51	2,774,310,715
Weighted average (bps)		43.57

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	16	282,018,745
500 units - <1,000 units	10	354,627,415
1,000 units - <2,000 units	7	455,379,865
2,000 units - <3,000 units	1	100,626,208
3,000 units - <4,000 units	4	532,706,209
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	10	888,884,410
10,000 units - <15,000 units	1	31,660,369
15,000 units - <20,000 units	1	93,741,502
20,000 units +	1	34,665,991
Total	51	2,774,310,715
Weighted average (units)	· · · · ·	626,182

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	4	243,025,200
5 years - <10 years	3	27,045,865
10 years - <15 years	6	154,559,621
15 years - <20 years	6	295,810,456
20 years - <25 years	23	1,308,199,772
25 years - <30 years	9	745,669,801
30 years +	0	0
Total	51	2,774,310,715
Weighted average (years)		21.6
Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,976
2002 - 2004	2	19,858,434
2004 - 2006	14	583,036,106
2006 - 2008	23	1,302,575,001
2008 - 2010	11	863,839,198
2010 - present	0	0
Total	51	2,774,310,715
Weighted average (date)		Feb-2008
Rank	Balance	Percentage
1	159,061,912	5.73%
2	148,312,760	5.35%
3	146,080,918	5.27%
4	139,038,853	5.01%
5	137,104,617	4.94%
6	122,700,797	4.42%
7	110,182,629	3.97%
8	108,453,613	3.91%
9	100,626,208	3.63%
10	99,757,938	3.60%

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%	0	0	0	0
105% - <110%	4	1	0	0
110% - <115%	2	1	8	5
115% - <120%	3	0	8	4
120% - <125%	3	0	4	0
125% - <130%	1	0	5	1
130% - <135%	0	0	1	0
135% - <140%	0	0	0	0
140% +	0	0	0	0
Total	13	2	26	10
				51

Asset Cover - Actual	Basis I	Basis II - LSVT	Basis II - Mixed-	Multiple Bases
No. of Facilities			funded	
100% - <105%	2	0	0	1
105% - <110%	1	0	0	1
110% - <115%	2	0	3	0
115% - <120%	0	0	3	5
120% - <125%	0	0	4	1
125% - <130%	0	0	2	0
130% - <135%	1	0	1	1
135% - <140%	1	1	2	0
140% +	6	1	10	2
Total	13	2	25	11
				51

Drawn Balance by	Basis I	Basis II - LSVT	Basis II - Mixed-	Multiple Bases
Actual Asset Cover			funded	
100% - <105%	60,583,944	0	0	41,592,173
105% - <110%	35,248,673	0	0	0
110% - <115%	196,422,324	0	86,182,471	0
115% - <120%	0	0	152,380,491	333,844,466
120% - <125%	0	0	171,898,851	75,607,784
125% - <130%	0	0	38,374,561	0
130% - <135%	21,531,376	0	25,064,881	108,453,613
135% - <140%	122,700,797	99,757,938	61,975,614	0
140% +	440,590,986	93,741,502	310,257,504	298,100,765
Total	877,078,099	193,499,440	846,134,374	857,598,802
				2,774,310,715

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.