

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

**Date of Report** 14-Jun-2013

**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	26,839,188
Principal GIC Sub-Account	223,920,070
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
<b>GIC Account Total</b>	<b>250,759,259</b>

**Transaction Accounts**

Transaction Principal Account	0
Transaction Revenue Account	63
<b>Transaction Account Total</b>	<b>63</b>

**Investments**

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

**Capital Contribution Balance**

Capital Account - Bank of Scotland	561,135,828
Capital Account - Addison Social Housing LLP	0
<b>Total</b>	<b>561,135,828</b>

**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	2,261,063,233
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

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**Total: A+B+C+D+E-X** **2,437,961,053**

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Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	<b>PASS</b>
Asset Percentage	81.50%
Maximum Level of Issuance	87.88%
Current Level of Issuance	64.88%

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**Portfolio Characteristics**

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 Balance	% of Total	Number of Loan Agreements	Number of Loan 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
<b>Totals</b>	<b>2,774,310,715</b>	<b>100.0%</b>	<b>51</b>	<b>433</b>

**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
<b>Total</b>	<b>51</b>	<b>2,774,310,715</b>
<b>Weighted average (bps)</b>		<b>43.57</b>

**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
<b>Total</b>	<b>51</b>	<b>2,774,310,715</b>
<b>Weighted average (units)</b>		<b>626,182</b>

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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
<b>Total</b>	<b>51</b>	<b>2,774,310,715</b>
<b>Weighted average (years)</b>		<b>21.6</b>

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
<b>Total</b>	<b>51</b>	<b>2,774,310,715</b>
<b>Weighted average (date)</b>		<b>Feb-2008</b>

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 No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
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
<b>Total</b>	<b>13</b>	<b>2</b>	<b>26</b>	<b>10</b>
				<b>51</b>

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
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
<b>Total</b>	<b>13</b>	<b>2</b>	<b>25</b>	<b>11</b>
				<b>51</b>

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
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
<b>Total</b>	<b>877,078,099</b>	<b>193,499,440</b>	<b>846,134,374</b>	<b>857,598,802</b>
				<b>2,774,310,715</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.