

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 3 2013**

Date of Report 13-Sep-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	24,670,945
Principal GIC Sub-Account	227,903,577
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	252,574,522

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	64
Transaction Account Total	64

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	496,506,187
Capital Account - Addison Social Housing LLP	0
Total	496,506,187

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	1,958,747,232
B = Unapplied Principal Receipts	227,903,577
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	45,719,038

Total: A+B+C+D+E-X **2,140,931,771**

Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	PASS
Asset Percentage	73.00%
Maximum Level of Issuance	79.79%
Current Level of Issuance	73.31%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,683,215,386
Number of Loan Agreements in the Portfolio	51
Average Loan Balance	52,612,066

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	286,370,693	10.7%	4	16
East Midlands	254,025,158	9.5%	3	38
London	413,112,513	15.4%	12	53
North East	0	0.0%	0	0
North West	210,136,453	7.8%	7	65
South East	766,781,759	28.6%	10	96
South West	280,707,498	10.5%	6	52
Wales	59,855,219	2.2%	2	16
West Midlands	368,532,215	13.7%	5	51
Yorkshire & The Humber	43,693,878	1.6%	2	12
Totals	2,683,215,386	100.0%	51	399

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	12	689,056,580
25 bps - <30 bps	15	923,861,360
30 bps - <40 bps	5	288,506,274
40 bps - <50 bps	5	103,341,867
50 bps - <60 bps	3	117,606,823
60 bps - <80 bps	3	53,401,053
80 bps - <100 bps	3	256,995,761
100 bps - <120 bps	2	177,690,682
120 bps - <140 bps	2	57,673,334
140 bps +	1	15,081,651
Total	51	2,683,215,386
Weighted average (bps)		45.04

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	17	281,448,471
500 units - <1,000 units	10	370,527,706
1,000 units - <2,000 units	7	478,393,693
2,000 units - <3,000 units	1	97,413,654
3,000 units - <4,000 units	4	519,305,471
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	9	765,465,222
10,000 units - <15,000 units	1	31,660,296
15,000 units - <20,000 units	1	93,731,827
20,000 units +	1	45,269,046
Total	51	2,683,215,386
Weighted average (units)		649,012

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	5	242,582,530
5 years - <10 years	4	39,261,285
10 years - <15 years	5	142,331,995
15 years - <20 years	7	365,008,565
20 years - <25 years	22	1,244,577,481
25 years - <30 years	8	638,948,895
30 years +	0	10,504,634
Total	51	2,683,215,386
Weighted average (years)		20.8

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,961
2002 - 2004	2	21,360,534
2004 - 2006	14	598,867,891
2006 - 2008	23	1,310,537,029
2008 - 2010	11	747,447,971
2010 - present	0	0
Total	51	2,683,215,386
Weighted average (date)		Jan-2008

Rank	Balance	Percentage
1	159,054,940	5.93%
2	148,759,395	5.54%
3	147,102,064	5.48%
4	137,094,272	5.11%
5	124,171,601	4.63%
6	110,200,752	4.11%
7	110,158,882	4.11%
8	99,739,730	3.72%
9	99,272,411	3.70%
10	97,413,654	3.63%

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
Total	13	2	26	10
				51

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
Total	13	2	25	11
				51

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	60,582,886	0	0	41,323,947
105% - <110%	35,216,326	0	0	0
110% - <115%	197,457,672	0	86,174,367	0
115% - <120%	0	0	152,395,180	332,119,858
120% - <125%	0	0	194,825,033	75,606,939
125% - <130%	0	0	54,373,006	0
130% - <135%	21,541,129	0	25,064,810	110,200,752
135% - <140%	0	99,739,730	61,962,934	0
140% +	436,656,420	93,731,827	310,511,396	293,731,175
Total	751,454,433	193,471,557	885,306,725	852,982,671
				2,683,215,386

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.