

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 4 2013**

Date of Report 13-Dec-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	23,575,530
Principal GIC Sub-Account	74,591,363
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	98,166,892

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	65
Transaction Account Total	65

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	916,308,597
Capital Account - Addison Social Housing LLP	0
Total	916,308,597

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	1,801,265,263
B = Unapplied Principal Receipts	74,591,363
C = Unapplied Cash Capital Contributions	0
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	44,415,826

Total: A+B+C+D+E-X **1,831,440,800**

Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	PASS
Asset Percentage	70.62%
Maximum Level of Issuance	71.80%
Current Level of Issuance	70.57%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,550,608,548
Number of Loan Agreements in the Portfolio	49
Average Loan Balance	52,053,236

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	293,071,065	11.5%	4	19
East Midlands	254,178,416	10.0%	3	38
London	393,173,025	15.4%	11	51
North East	0	0.0%	0	0
North West	207,684,975	8.1%	7	63
South East	765,720,460	30.0%	10	96
South West	164,391,278	6.4%	5	37
Wales	60,032,843	2.4%	2	17
West Midlands	368,665,560	14.5%	5	53
Yorkshire & The Humber	43,690,927	1.7%	2	12
Totals	2,550,608,548	100.0%	49	386

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	13	756,203,503
25 bps - <30 bps	14	845,300,712
30 bps - <40 bps	5	290,397,549
40 bps - <50 bps	4	77,361,210
50 bps - <60 bps	2	105,257,582
60 bps - <80 bps	3	71,518,133
80 bps - <100 bps	3	152,408,310
100 bps - <120 bps	3	185,735,208
120 bps - <140 bps	1	50,346,496
140 bps +	1	16,079,847
Total	49	2,550,608,548
Weighted average (bps)		43.36

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	17	293,692,863
500 units - <1,000 units	11	396,529,448
1,000 units - <2,000 units	7	469,081,951
2,000 units - <3,000 units	1	100,199,334
3,000 units - <4,000 units	4	520,911,012
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	7	635,833,768
10,000 units - <15,000 units	1	40,643,127
15,000 units - <20,000 units	1	93,717,046
20,000 units +	0	0
Total	49	2,550,608,548
Weighted average (units)		3,724

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	6	284,339,999
5 years - <10 years	5	83,862,778
10 years - <15 years	7	274,303,229
15 years - <20 years	11	699,662,605
20 years - <25 years	15	802,978,056
25 years - <30 years	5	405,461,881
30 years +	0	0
Total	49	2,550,608,548
Weighted average (years)		18.4

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,952
2002 - 2004	1	4,961,557
2004 - 2006	14	559,369,648
2006 - 2008	23	1,309,327,989
2008 - 2010	10	671,947,403
2010 - present	0	0
Total	49	2,550,608,548
Weighted average (date)		Jan-2008

Rank	Balance	Percentage
1	159,054,913	6.24%
2	150,020,790	5.88%
3	148,293,691	5.81%
4	137,083,165	5.37%
5	123,514,195	4.84%
6	110,105,631	4.32%
7	100,199,334	3.93%
8	99,700,806	3.91%
9	99,082,335	3.88%
10	96,112,281	3.77%

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	2
110% - <115%	2	1	10	2
115% - <120%	3	0	9	2
120% - <125%	2	0	3	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	12	2	28	7
				49

Asset Cover - Actual No. of Facilities	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	0	0	0	0
110% - <115%	1	0	3	3
115% - <120%	1	0	3	4
120% - <125%	0	0	5	1
125% - <130%	0	0	3	1
130% - <135%	0	0	0	1
135% - <140%	0	1	1	0
140% +	6	1	11	3
Total	8	2	26	13
				49

Drawn Balance by Actual Asset Cover	Basis I	Basis II - LSVT	Basis II - Mixed- funded	Multiple Bases
100% - <105%	0	0	0	0
105% - <110%	0	0	0	0
110% - <115%	200,367,286	0	86,163,054	178,574,931
115% - <120%	19,322,305	0	223,794,304	188,834,803
120% - <125%	31,656,477	0	167,716,590	0
125% - <130%	0	0	92,586,285	0
130% - <135%	21,529,028	0	0	0
135% - <140%	0	99,700,806	48,754,883	0
140% +	475,832,627	93,717,046	339,489,014	282,569,109
Total	748,707,723	193,417,852	958,504,130	649,978,843
				2,550,608,548

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.