

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 2 2014**

Date of Report 13-Jun-2014

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	21,231,970
Principal GIC Sub-Account	295,916,172
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	317,148,142

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	67
Transaction Account Total	67

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	950,642,938
Capital Account - Addison Social Housing LLP	0
Total	950,642,938

Credit Ratings

	Short Term		Long Term	
	Moody's	S&P	Moody's	S&P
Bank of Scotland plc	P-1	A-1	A1	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	1,671,818,493
B = Unapplied Principal Receipts	54,883,816
C = Unapplied Cash Capital Contributions	241,032,356
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	41,809,402

Total: A+B+C+D+E-X **1,925,925,263**

Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	PASS
Asset Percentage	68.03%
Maximum Level of Issuance	78.37%
Current Level of Issuance	73.24%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,457,580,803
Number of Loan Agreements in the Portfolio	48
Average Loan Balance	51,199,600

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	275,234,441	11.2%	4	14
East Midlands	249,783,181	10.2%	3	38
London	351,296,731	14.3%	10	46
North East	0	0.0%	0	0
North West	207,028,667	8.4%	7	61
South East	761,491,559	31.0%	10	85
South West	150,726,864	6.1%	5	35
Wales	61,289,076	2.5%	2	18
West Midlands	357,047,260	14.5%	5	52
Yorkshire & The Humber	43,683,025	1.8%	2	12
Totals	2,457,580,803	100.0%	48	361

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	11	670,389,765
25 bps - <30 bps	16	936,299,299
30 bps - <40 bps	4	190,179,826
40 bps - <50 bps	3	54,705,077
50 bps - <60 bps	3	125,137,086
60 bps - <80 bps	3	71,506,245
80 bps - <100 bps	3	153,783,903
100 bps - <120 bps	3	184,115,241
120 bps - <140 bps	1	50,325,616
140 bps +	1	21,138,746
Total	48	2,457,580,803
Weighted average (bps)		44.53

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	17	298,262,126
500 units - <1,000 units	10	351,364,554
1,000 units - <2,000 units	7	459,323,023
2,000 units - <3,000 units	1	90,440,579
3,000 units - <4,000 units	4	499,521,765
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	7	624,295,259
10,000 units - <15,000 units	1	40,647,839
15,000 units - <20,000 units	1	93,725,659
20,000 units +	0	0
Total	48	2,457,580,803
Weighted average (units)		3,777

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	7	314,155,028
5 years - <10 years	6	110,931,260
10 years - <15 years	6	350,889,217
15 years - <20 years	10	551,032,466
20 years - <25 years	15	775,613,034
25 years - <30 years	4	354,959,799
30 years +	0	0
Total	48	2,457,580,803
Weighted average (years)		17.7

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,952
2002 - 2004	1	4,954,931
2004 - 2006	14	555,281,267
2006 - 2008	23	1,297,852,430
2008 - 2010	9	594,490,224
2010 - present	0	0
Total	48	2,457,580,803
Weighted average (date)		Jan-2008

Rank	Balance	Percentage
1	159,169,995	6.48%
2	139,037,053	5.66%
3	138,295,359	5.63%
4	132,801,423	5.40%
5	123,496,062	5.03%
6	110,048,125	4.48%
7	99,582,333	4.05%
8	98,693,291	4.02%
9	96,112,281	3.91%
10	93,725,659	3.81%

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	8	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	27	7
				48

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	10	3
Total	8	2	25	13
				48

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%	189,362,669	0	86,151,811	174,287,927
115% - <120%	18,511,051	0	228,800,514	178,967,679
120% - <125%	25,654,415	0	163,569,590	0
125% - <130%	0	0	93,060,335	0
130% - <135%	21,529,307	0	0	0
135% - <140%	0	99,582,333	48,754,850	0
140% +	468,194,920	93,725,659	284,761,687	282,666,057
Total	723,252,361	193,307,992	905,098,788	635,921,663
				2,457,580,803

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.