

**HBOS SOCIAL HOUSING COVERED BONDS LLP
QUARTERLY REPORT - QUARTER 3 2014**

Date of Report 15-Sep-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	22,401,338
Principal GIC Sub-Account	295,244,702
Reserve GIC Sub-Account	0
Liquidation GIC Sub-Account	0
GIC Account Total	317,646,040

Transaction Accounts

Transaction Principal Account	0
Transaction Revenue Account	68
Transaction Account Total	68

Investments

Substitution Assets Balance	0
Authorised Investments Balance	0
Total	0

Capital Contribution Balance

Capital Account - Bank of Scotland	933,928,555
Capital Account - Addison Social Housing LLP	0
Total	933,928,555

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	1,666,958,533
B = Unapplied Principal Receipts	30,244,702
C = Unapplied Cash Capital Contributions	265,000,000
D = Substitution Assets	0
E = Sale Proceeds	0
X = Outstanding Weighted Average Margin	40,463,227

Total: A+B+C+D+E-X **1,921,740,008**

Principal Amount Outstanding	1,800,000,000
Asset Coverage Test	PASS
Asset Percentage	68.03%
Maximum Level of Issuance	78.42%
Current Level of Issuance	73.46%

Portfolio Characteristics

Total of the aggregate Current Balance of Loans in the Portfolio	2,450,436,639
Number of Loan Agreements in the Portfolio	48
Average Loan Balance	51,050,763

Region	Aggregate Current Balance	% of Total	Number of Loan Agreements	Number of Loan Accounts
East	273,453,122	11.2%	4	17
East Midlands	249,332,477	10.2%	3	35
London	351,421,456	14.3%	10	46
North East	0	0.0%	0	0
North West	207,029,951	8.4%	7	61
South East	758,326,674	30.9%	10	88
South West	150,717,809	6.2%	5	35
Wales	61,287,287	2.5%	2	18
West Midlands	355,524,791	14.5%	5	46
Yorkshire & The Humber	43,343,071	1.8%	2	8
Totals	2,450,436,639	100.0%	48	354

Margin

Weighted Average Margin	No. Facilities	Balance
20 bps - <25 bps	10	641,470,556
25 bps - <30 bps	16	937,900,803
30 bps - <40 bps	4	190,357,601
40 bps - <50 bps	4	79,258,420
50 bps - <60 bps	3	122,062,179
60 bps - <80 bps	2	29,989,045
80 bps - <100 bps	4	194,836,098
100 bps - <120 bps	2	99,504,295
120 bps - <140 bps	2	132,917,731
140 bps +	1	22,139,912
Total	48	2,450,436,639
Weighted average (bps)		45.86

Property Numbers

Property Numbers	No. Facilities	Balance
0 units - <500 units	17	298,534,028
500 units - <1,000 units	10	351,396,087
1,000 units - <2,000 units	7	456,104,105
2,000 units - <3,000 units	1	91,644,917
3,000 units - <4,000 units	4	496,092,937
4,000 units - <5,000 units	0	0
5,000 units - <10,000 units	7	622,304,704
10,000 units - <15,000 units	1	40,642,816
15,000 units - <20,000 units	1	93,717,046
20,000 units +	0	0
Total	48	2,450,436,639
Weighted average (units)		3,776

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Portfolio Characteristics (cont)

Remaining Maturity	No. Facilities	Balance
0 years - <5 years	7	314,112,519
5 years - <10 years	7	116,580,758
10 years - <15 years	4	311,695,435
15 years - <20 years	10	545,914,267
20 years - <25 years	16	809,953,198
25 years - <30 years	4	352,180,463
30 years +	0	0
Total	48	2,450,436,639
Weighted average (years)		17.5

Last Valuation	No. Facilities	Balance
2000 - 2002	1	5,001,982
2002 - 2004	1	4,924,235
2004 - 2006	14	555,945,781
2006 - 2008	23	1,294,749,144
2008 - 2010	9	589,815,498
2010 - present	0	0
Total	48	2,450,436,639
Weighted average (date)		Jan-2008

Rank	Balance	Percentage
1	159,237,965	6.50%
2	138,740,977	5.66%
3	135,053,433	5.51%
4	132,788,195	5.42%
5	123,603,670	5.04%
6	110,045,109	4.49%
7	99,583,558	4.06%
8	98,694,857	4.03%
9	96,112,281	3.92%
10	93,717,046	3.82%

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%	185,397,278	0	85,811,860	173,837,164
115% - <120%	18,510,537	0	229,794,803	180,171,890
120% - <125%	25,654,500	0	160,298,151	0
125% - <130%	0	0	92,974,583	0
130% - <135%	21,539,614	0	0	0
135% - <140%	0	99,583,558	48,756,040	0
140% +	466,144,940	93,717,046	285,403,041	282,841,635
Total	717,246,868	193,300,604	903,038,479	636,850,689
				2,450,436,639

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.