

HBOS Capital Funding No. 2 L.P.
13 Castle Street
St. Helier
Jersey
JE4 5UT

Citibank N.A., London branch
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

29 May 2014

Dear Sirs

Notification of Redemption

Issuer: HBOS Capital Funding No. 2 L.P.

Title: USD 750,000,000 6.071% Non-voting Non-cumulative Perpetual Preferred Securities

Issue Date: 24 June 2004

Maturity Date: Not Applicable

CUSIP: G43648AA5 / 40411CAA0

ISIN: USG43648AA57/US40411CAA09

Common Code: 019544648 / 019544605

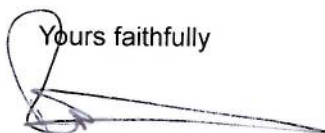
We hereby give notice to you that the above Securities will be redeemed by HBOS Capital Funding No. 2 L.P. on 30 June 2014 in accordance with the terms of the issue.

We understand that you will advise Euroclear/Clearstream and DTCC of the above, for circulation through their clearing system.

Please also arrange submission of an announcement of cancellation of listing of the Securities to the Luxembourg Stock Exchange to be released by one of the Regulatory Information Service providers.

Please acknowledge receipt of this notice by returning a signed copy of this letter to us.

Yours faithfully



HBOS Capital Funding (Jersey) Limited
for and on behalf of HBOS Capital Funding No.2 L.P.

HBOS Capital Funding (Jersey) Limited
Registered Office: 13 Castle Street, St Helier, Jersey JE4 5UT

We acknowledge receipt of this letter dated 29 May 2014 and have advised Euroclear/Clearstream and DTCC.

.....

Authorised signatory

Citibank N.A., London branch