

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

Cc The Law Debenture Trust Corporation p.l.c.

29 May 2014

Dear Sirs

Notification of Redemption

Issuer: HBOS plc

Title: USD 750,000,000 6.071% Undated Subordinated Fixed to Floating Rate Instruments

Issue Date: 24 June 2004

Maturity Date: Not Applicable

ISIN: XS0195569560

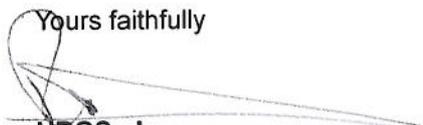
We hereby give notice to you that the above Instruments will be redeemed by HBOS plc on 30 June 2014 in accordance with the terms of the issue.

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

Please also arrange submission of an announcement of cancellation of listing of the Instruments to the London 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

A handwritten signature in blue ink, appearing to be a stylized 'S' or 'H' followed by a long horizontal line.

HBOS plc

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

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Authorised signatory
Citibank N.A., London branch