

## EXECUTION COPY

### FINAL TERMS

#### PART A – CONTRACTUAL TERMS

6 June 2007

**HBOS Treasury Services plc**

**Issue of €1,250,000,000 4.75 per cent. Series 23 Covered Bonds due 8 June 2022**

**Unconditionally guaranteed by HBOS plc and The Governor and  
Company of the Bank of Scotland**

**and**

**Irrevocably and unconditionally guaranteed as to payment of principal and interest by**

**HBOS Covered Bonds LLP**

**under the €60 billion**

**Covered Bond Programme**

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the offering circular dated 9 May 2007 (the **Offering Circular**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Covered Bonds is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at the registered office of the Issuer and the specified office of the Agent.

- |    |   |   |
|----|---|---|
| 1. | Issuer:   | HBOS Treasury Services plc  |
|    | Guarantors:   | HBOS plc, The Governor and Company of the Bank of Scotland and HBOS Covered Bonds LLP   |
| 2. | Series Number:  | 0023/07   |
|    | Tranche Number:   | 1   |
| 3. | Specified Currency or Currencies:   | Euro (€)  |
| 4. | Aggregate Nominal Amount:   |   |
|    | (i) Series:   | €1,250,000,000  |
|    | (ii) Tranche:   | €1,250,000,000  |
| 5. | Issue Price:  | 99.60 per cent. of the Aggregate Nominal Amount   |
| 6. | Specified Denominations:  | The Specified Denomination of the Covered Bonds shall be €50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Covered Bonds in definitive form will be issued with a denomination above €99,000 |
|    | <i>(in the case of Registered Covered Bonds, this means the minimum integral amount in which transfers can be made)</i> |   |

- |     |       |   |   |
|-----|-------|---|---|
| 7.  | (i)   | Issue Date:   | 8 June 2007   |
|     | (ii)  | Interest Commencement Date:                           | 8 June 2007   |
| 8.  |       | Final Maturity Date:                                  | 8 June 2022   |
| 9.  |       | Interest Basis:                                       | 4.75 per cent. Fixed Rate (further particulars specified below) |
| 10. |       | Redemption/Payment Basis:                             | Redemption at par   |
| 11. |       | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable  |
| 12. |       | Call Option:  | Not Applicable  |
| 13. | (i)   | Status of the Covered Bonds:                          | Senior  |
|     | (ii)  | Status of the Guarantees:                             | Senior  |
|     | (iii) | Date approval for issuance of Covered Bonds obtained: | 22 January 2007   |
| 14. |       | Method of distribution:                               | Syndicated  |

**PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

- |     |       |  |  |
|-----|-------|--|--|
| 15. |       | <b>Fixed Rate Covered Bond Provisions</b>  | Applicable   |
|     | (i)   | Rate(s) of Interest:   | 4.75 per cent. per annum payable annually in arrear  |
|     | (ii)  | Interest Payment Date(s):  | 8 June in each year up to and including the Final Maturity Date.   |
|     | (iii) | Fixed Coupon Amount(s):  | The Fixed Coupon Amount shall be €2,375.00 per €50,000 in nominal amount and €47.50 per €1,000 in nominal amount |
|     | (iv)  | Broken Amount(s):  | Not Applicable   |
|     | (v)   | Day Count Fraction:  | Actual/Actual (ICMA)   |
|     | (vi)  | Determination Date(s):   | 8 June in each year  |
|     | (vii) | Other terms relating to the method of calculating interest for Fixed Rate Covered Bonds: | None   |
| 16. |       | <b>Floating Rate Covered Bond Provisions</b>   | Not Applicable   |
| 17. |       | <b>Zero Coupon Covered Bond Provisions</b>   | Not Applicable   |

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|-----|---|----------------|
| 18. | <b>Index Linked Interest Covered Bond Provisions</b>  | Not Applicable |
| 19. | <b>Dual Currency Interest Covered Bond Provisions</b> | Not Applicable |

**PROVISION RELATING TO REDEMPTION**

- |     |  |   |
|-----|--|---|
| 20. | Issuer Call:   | Not Applicable  |
| 21. | Final Redemption Amount of each Covered Bond:  | <p>€50,000 per Covered Bond of €50,000 Specified Denomination and €1,000 per integral multiple of €1,000 in excess thereof.</p> <p>For the avoidance of doubt, in the case of a holding of Covered Bonds in an integral multiple of €1,000 in excess of €50,000 as envisaged in paragraph 6 above, such holding will be redeemed at its nominal amount.</p> |
| 22. | Early Redemption Amount of each Covered Bond payable on redemption for taxation reasons, on acceleration following an HBOS Event of Default as against the Issuer and the Group Guarantors or an LLP Event of Default and/or the method of calculating the same (if required or if different from that set out in Condition 7(d)): | As set out in Condition 7(d)  |

**GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS**

- |     |                             |  |
|-----|-----------------------------|--|
| 23. | (a) Form of Covered Bonds:  | <p>Temporary Bearer Global Covered Bond exchangeable for a Permanent Bearer Global Covered Bond which is exchangeable for Covered Bonds in definitive form only upon (i) Euroclear and Clearstream, Luxembourg having been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or having announced an intention permanently to cease business or having in fact done so and no successor clearing system being available or (ii) the Issuer has or will become subject to adverse tax consequences as a result of legislative changes in the domicile of the Issuer which would not be suffered were the Covered Bonds represented by the Permanent Bearer Global Covered Bond in definitive form</p> |
|     | (b) New Global Covered Bond | Yes  |

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|-----|--|-------------------------------|
| 24. | Additional Financial Centre(s) or other special provisions relating to Payment Dates:  | Not Applicable                |
| 25. | Talons for future Coupons or Receipts to be attached to Definitive Bearer Covered Bonds (and dates on which such Talons mature): | No                            |
| 26. | Details relating to Instalment Covered Bonds:  |                               |
|     | (i) Instalment Amount(s):  | Not Applicable                |
|     | (ii) Instalment Date(s):   | Not Applicable                |
| 27. | Redenomination applicable:   | Redenomination not applicable |
| 28. | Additional U.S. Federal Income Tax Considerations  | Not Applicable                |
| 29. | Other Final Terms:   | Not Applicable                |

## DISTRIBUTION

- |     |   |   |
|-----|---|---|
| 30. | (i) If syndicated, names of Managers:                           | Dresdner Bank Aktiengesellschaft<br>DZ BANK AG Deutsche Zentral-<br>Genossenschaftsbank, Frankfurt am Main<br>IXIS Corporate & Investment Bank<br><br>(together the <b>Joint Lead Managers</b> )<br><br>Landesbank Baden-Württemberg<br>Danske Bank A/S<br>Société Générale<br>UBS Limited<br><br>(together with the Joint Lead Managers, the <b>Managers</b> ) |
|     | (ii) Stabilising Manager (if any):                              | Not Applicable  |
| 31. | If non-syndicated, name of relevant Dealer(s):                  | Not Applicable  |
| 32. | Whether TEFRA D rules applicable or TEFRA rules not applicable: | TEFRA D   |
| 33. | Additional selling restrictions:                                | Not Applicable  |

## LISTING AND ADMISSION TO TRADING

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Covered Bonds described herein pursuant to the €60,000,000,000 Covered Bond Programme of HBOS Treasury Services plc.

## RESPONSIBILITY

Each of the Issuer, The Governor and Company of the Bank of Scotland, HBOS plc and HBOS Covered Bonds LLP accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:   
By: 

*Duly authorised*

Signed on behalf of HBOS plc:

By:   
By: 


*Duly authorised*

Signed on behalf of The Governor and Company of the Bank of Scotland:

By:   
By: 

*Duly authorised*

Signed on behalf of HBOS Covered Bonds LLP

By: 

*Duly authorised*

## **PART B – OTHER INFORMATION**

### **1. LISTING**

- |       |   |  |
|-------|---|--|
| (i)   | Listing:  | Luxembourg   |
| (ii)  | Admission to trading:                                       | Application has been made for the Covered Bonds to be admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from 8 June 2007 |
| (iii) | Estimate of total expenses related to admission to trading: | €6,100   |

### **2. RATINGS**

- |          |   |
|----------|---|
| Ratings: | The Covered Bonds to be issued have been rated: |
| S&P:     | AAA   |
| Moody's: | Aaa   |
| Fitch:   | AAA   |

### **3. NOTIFICATION**

Not Applicable

### **4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the issue of the Covered Bonds has an interest material to the offer.

### **5. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- |       |                           |                |
|-------|---------------------------|----------------|
| (i)   | Reasons for the offer     | Not Applicable |
| (ii)  | Estimated net proceeds:   | Not Applicable |
| (iii) | Estimated total expenses: | Not Applicable |

### **6. YIELD** (*Fixed Rate Covered Bonds only*)

- |                      |   |
|----------------------|---|
| Indication of yield: | 4.788 per cent.   |
|                      | The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield. |

### **7. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING** (*Index-Linked Covered Bonds only*)

Not Applicable

**8. PERFORMANCE OF RATE[S] OF EXCHANGE AND EXPLANATION OF EFFECT ON VALUE OF INVESTMENT** *(Dual Currency Covered Bonds only)*

Not Applicable

**9. OPERATIONAL INFORMATION**

- |       |   |                          |
|-------|---|--------------------------|
| (i)   | ISIN Code:  | XS0304459026             |
| (ii)  | Common Code:  | 030445902                |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V., and Clearstream Banking, société anonyme and DTC and the relevant identification number(s): | Not Applicable           |
| (iv)  | Delivery:   | Delivery against payment |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):   | Not Applicable           |
| (vi)  | Intended to be held in a manner which would allow Eurosystem eligibility:   | Yes                      |