



# Trading Statement 2007

# HBOS 2007 AGM Trading Statement



The following is an extract from the statement made by Andy Hornby, Chief Executive of HBOS plc, at the company's AGM held today, 25th April 2007, in Brighton:-

"HBOS has made a good start to the year.

At this early stage in 2007, we are confident of delivering underlying earnings per share ahead of the current market consensus of 107.4p.

In Retail, we are enjoying good growth in savings and banking products, whilst maintaining our relative caution in unsecured lending.

In mortgages, as previously indicated, the timing of cessations in our book points to a first half net lending share below our normal 15%-20% range, with a return to this range in the second half of the year.

Corporate trading in both the UK and in Europe is strong with originations again exceeding asset retentions.

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As in previous results, the contribution from realised gains, dividends, JVs and associates is expected to add incremental and sustainable value to a strong operating performance.

Our Insurance & Investment businesses continue to make good progress.

In Investment, we expect to deliver good double digit sales growth year-on-year. In Insurance, we have seen good growth in policy volumes, particularly in household, despite continued market pricing pressures.

Our International business volumes have made a good start to the year with very encouraging growth in both lending and deposit taking, and the continued development of our commercial banking and retail interests in Australia and Ireland.

Overall, the outlook for the credit environment remains robust and as previously guided.

We continue to generate surplus capital, which we return to shareholders, with share buybacks for the 2007 programme progressing well and currently totalling £200m.

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Trading so far this year across the breadth of the business confirms our confidence that 2007 will be another good year for sustainable value creation for shareholders of HBOS.”

This document contains forward-looking statements, including such statements within the meaning of section 27A of the US Securities Act of 1933 and section 21E of the US Securities Exchange Act of 1934.

These statements concern or may affect future matters. These may include HBOS's future strategies, business plans, and results and are based on the current expectations of the directors of HBOS. They are subject to a number of risks and uncertainties that might cause actual results and outcomes to differ materially from expectations outlined in these forward-looking statements. These factors are not limited to regulatory developments but include stock markets, IT developments, and competitive and general operating conditions.