



Welcome to the Annual General Meeting 2007



Dennis Stevenson

Chairman

Results 2006



- Growth in underlying profit before tax was 14%
- Underlying earnings per share have increased by 16%

Great Financial Strength



- Dividend per share increased by 15%
- Total payout for full year will be 41.4 pence a share



Annual General Meeting 2007



Andy Hornby
Chief Executive

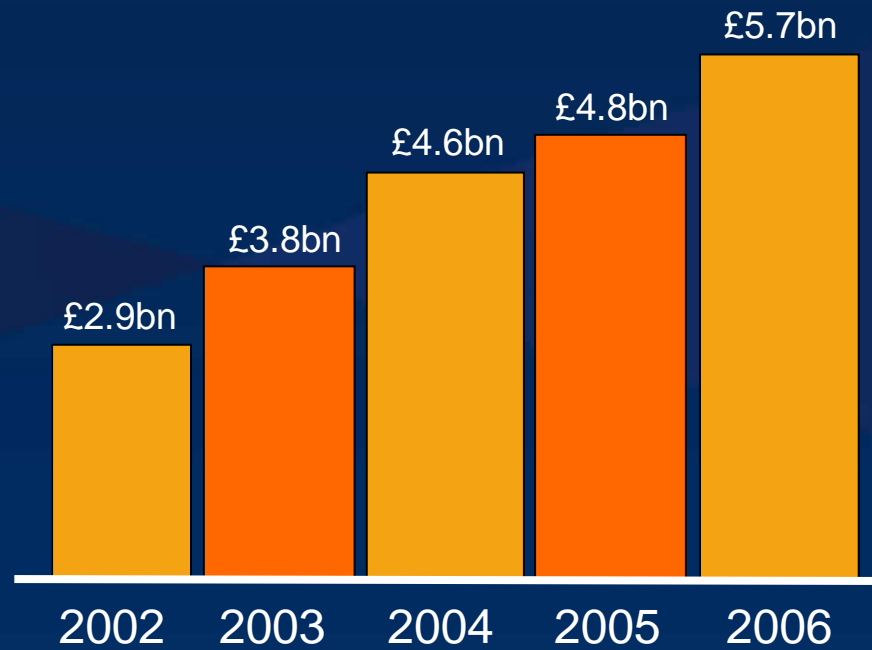


Operating Review

5 Year Profit Growth



Profit before tax



2006 Financial Highlights



- Profits up 14% to £5.54 billion
- Earnings per share up by 16% to 100.5p
- Total dividend up 15% to 41.4p
- Cost:income ratio improves to 40.9%
- Impairment losses improve to 0.48% of average advances
- £1 billion of shares bought back

Retail



- Profits up 4% to £2.36 billion
- 17% net mortgage lending market share
- Over 3,300 'best buy' mentions
- 480,000 new to franchise savings customers
- 879,000 new bank accounts
- Business banking investment

Corporate



- Profits up 17% to £1.66 billion
- Lending growth 16%
- Asset growth after sell down 8%
- Involvement in successful corporate deals
- No.1 in UK contract hire after purchase of remaining 50% of Lex Vehicle Leasing

Insurance & Investment



- Profits up 19% to £581 million
- General Insurance profits up 20%
- Investment profits up 18%
- Sales in investments up 23%
- Largest provider of investment products in the UK

International



- Profits up 34% at £820 million
- Strong growth in Australia, Ireland and Europe and North America
- Targeted growth using successful UK strategy
- 25 retail branches opened in Ireland
- Expansion to build share in the East of Australia

Treasury & Asset Management



- Profits up 33% at £350 million
- Good growth in Treasury sales and trading income
- Strong asset quality - no provisions
- Treasury raised over £20 billion in securitisations and covered bonds
- Insight assets under management up 20% to £99bn
- Invista had a successful start as a plc

Service Initiatives



- Direct calls to all 1,100 branches
- Branch expansion programme continuing
- Reuniting customers with £50m held in dormant accounts



2007 Trading Statement

Priorities in 2007



- Growing the UK franchise
- Targeted international growth
- Cost leadership
- Developing our colleagues
- Capital discipline



Annual General Meeting 2007

Your Poll Card



Resolution	For	Against	Withheld
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Signature

Date

Resolution	For	Against	Withheld
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Signature

Date



Questions

Resolutions Proposed



1. To receive the Report and Accounts
2. To declare a final dividend
3. To elect Jo Dawson
4. To elect Benny Higgins
5. To elect Richard Cousins
6. To re-elect Anthony Hobson
7. To re-elect Kate Nealon
8. To approve the Report on remuneration policy and practice
9. To re-appoint KPMG Audit Plc as auditors
10. To approve the amendment to the Rules of the HBOS plc Long Term Executive Bonus Plan
11. To approve political donations and expenditure
12. To authorise power of the Directors to allot shares
13. To authorise the allotment of shares for cash
14. To authorise the repurchase of ordinary shares



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