

**FINAL TERMS**  
(as amended and restated on 2 March 2011)

3 June 2008

**Bank of Scotland plc**

**Issue of GBP 2,800,000,000 Floating Rate Series 32 Covered Bonds due 7 June 2018**

**Unconditionally guaranteed by HBOS plc**

**and**

**Irrevocably and unconditionally guaranteed as to payment of principal and interest by  
HBOS Covered Bonds LLP  
under the €60 billion  
Covered Bond Programme**

**PART A – CONTRACTUAL TERMS**

The Programme has been registered and notice of these Covered Bonds will be made, under the Regulated Covered Bonds Regulations 2008 (SI 2008/346). Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the prospectus dated 13 May 2008 (the **Prospectus**) which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the **Prospectus Directive**). This document constitutes an amendment and restatement to the Final Terms of the Covered Bonds described herein for the purposes of Article 5.4 of the Prospectus Directive and issued pursuant to the Prospectus. Full information on the Issuer and the offer of the Covered Bonds was made on the Issue Date on the basis of the combination of these Final Terms and the Prospectus but the Prospectus does not incorporate updated information in respect of either the Issuer or the Covered Bonds described herein. The Prospectus is available for viewing at the registered office of the Issuer and the specified office of the Agent.

- |    |       |                                   |  |
|----|-------|-----------------------------------|--|
| 1. | (i)   | Issuer:                           | Bank of Scotland plc   |
|    | (ii)  | Guarantors:                       | HBOS plc and HBOS Covered Bonds LLP  |
| 2. | (i)   | Series Number:                    | 0032/08  |
|    | (ii)  | Tranche Number:                   | 1  |
| 3. |       | Specified Currency or Currencies: | Pounds Sterling ( <b>GBP</b> )   |
| 4. |       | Aggregate Nominal Amount:         |  |
|    | (ii)  | Series:                           | GBP 2,800,000,000  |
|    | (iii) | Tranche:                          | GBP 2,800,000,000  |
| 5. |       | Issue Price:                      | 100 per cent. of the Aggregate Nominal Amount  |
| 6. | (i)   | Specified Denominations:          | The Specified Denomination of the Covered Bonds shall be GBP 50,000 provided that, for so long as the Covered Bonds are represented by a |

Global Covered Bond and the relevant clearing system(s) so permit, the Covered Bonds shall be tradable in integral multiples of GBP 50,000 thereafter

*(in the case of Registered Covered Bonds, this means the minimum integral amount in which transfers can be made)*

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|-----|-------|---|---|
|     | (ii)  | Calculation Amount:   | GBP 50,000  |
| 7.  | (i)   | Issue Date:   | 5 June 2008   |
|     | (ii)  | Interest Commencement Date:                                 | 5 June 2008   |
| 8.  |       | Final Maturity Date:  | 7 June 2018, subject to adjustment in accordance with the Following Business Day Convention |
| 9.  |       | Interest Basis:   | 1 month GBP LIBOR plus 0.12 per cent. Floating 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 Board approval for issuance of Covered Bonds obtained: | 4 January 2008  |
| 14. |       | Method of distribution:                                     | Non-syndicated  |

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

- |     |  |                |
|-----|--|----------------|
| 15. | <b>Fixed Rate Covered Bond Provisions</b>    | Not Applicable |
| 16. | <b>Floating Rate Covered Bond Provisions</b> | Applicable     |

- |     |   |   |
|-----|---|---|
| (i) | Specified Period(s) / Specified Interest Payment Dates: | Interest will be payable monthly in arrears, on the 7th day of each month in each year from and including 7 July 2008 to and including Final Maturity Date, subject to adjustment in accordance with the Following Business Day Convention. |
|-----|---|---|

(ii)	Business Day Convention:	Following Business Day Convention
(iii)	Additional Business Centre(s):	Not Applicable
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	Screen Rate Determination
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	Not Applicable
(vi)	Screen Rate Determination:	
	– Reference Rate:	1 Month GBP LIBOR
		In respect of the first Interest Period, the Reference Rate shall be interpolated on a straight line basis.
	– Interest Determination Date(s):	First day of each Interest Period
	– Relevant Screen Page:	LIBOR01
(vii)	ISDA Determination:	Not Applicable
(viii)	Margin(s):	plus 0.12 per cent. per annum
(ix)	Minimum Rate of Interest:	Not Applicable
(x)	Maximum Rate of Interest:	Not Applicable
(xi)	Day Count Fraction:	Actual/365 (Fixed)
(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Covered Bonds, if different from those set out in the Conditions:	As per the Conditions
<b>17.</b>	<b>Zero Coupon Covered Bond Provisions</b>	Not Applicable
<b>18.</b>	<b>Index Linked Interest Covered Bond Provisions</b>	Not Applicable
<b>19.</b>	<b>Dual Currency Interest Covered Bond Provisions</b>	Not Applicable

**PROVISIONS RELATING TO REDEMPTION**

<b>20.</b>	Issuer Call:	Not Applicable
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21. Final Redemption Amount: GBP 50,000 per Covered Bond of GBP 50,000 Specified Denomination and GBP 50,000 per integral multiple of GBP 50,000 in excess thereof.
22. Early Redemption Amount payable on redemption for taxation reasons, on acceleration following an HBOS Event of Default as against the Issuer and the Group Guarantor or an LLP Event of Default: As set out in Condition 7(d)

### GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

23. Form of Covered Bonds:
- (a) Form: 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
- (b) New Global Covered Bond No
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): Yes
26. Details relating to Partly Paid Covered Bonds: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Covered Bonds and interest due on late payment: Not Applicable
27. Details relating to Instalment Covered Bonds:
- (i) Instalment Amount(s): Not Applicable

- |     |   |                               |
|-----|---|-------------------------------|
|     | (ii) Instalment Date(s):                          | Not Applicable                |
| 28. | Redenomination applicable:                        | Redenomination not applicable |
| 29. | Additional U.S. Federal Income Tax Considerations | Not Applicable                |
| 30. | Other Final Terms:                                | Not Applicable                |

#### DISTRIBUTION

- |     |   |   |
|-----|---|---|
| 31. | (i) If syndicated, names of Managers and address where issue of Covered Bonds to which Annex XII applies: | Not Applicable                                  |
|     | (ii) Date of Subscription Agreement:  | Not Applicable                                  |
|     | (iii) Stabilising Manager (if any):   | Not Applicable                                  |
| 32. | If non-syndicated, name of relevant Dealer(s):  | Bank of Scotland (Ireland) Limited <sup>1</sup> |
| 33. | U.S. Selling Restrictions:  | TEFRA D   |
| 34. | Additional selling restrictions:  | Not Applicable                                  |
| 35. | Additional US tax considerations:   | Not Applicable                                  |

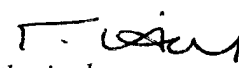
#### LISTING AND ADMISSION TO TRADING

These Final Terms comprise the final terms required to list on the official list of the Luxembourg Stock Exchange and for issue and admission to trading on the regulated market of the Luxembourg Stock Exchange of the Covered Bonds described herein pursuant to the €60,000,000,000 Covered Bond Programme of Bank of Scotland plc

#### RESPONSIBILITY

Each of the Issuer, the Group Guarantor and the LLP accepts responsibility for the information contained in these Final Terms.


Signed on behalf of the Issuer:

By:   
Duly authorised

Signed on behalf of HBOS plc:

By:  
Duly authorised

Signed on behalf of HBOS Covered Bonds LLP:

By: 

<sup>1</sup> Bank of Scotland (Ireland) Limited (BoSI) was, with effect from 1 January 2011 merged with Bank of Scotland plc by way of a 'cross border merger' pursuant to the terms of the European Communities (Cross Border Mergers) Regulations 2008 (SI 157/2008)

- (ii) Instalment Date(s): Not Applicable
28. Redenomination applicable: Redenomination not applicable
29. Additional U.S. Federal Income Tax Considerations: Not Applicable
30. Other Final Terms: Not Applicable

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## RESPONSIBILITY

Each of the Issuer, the Group Guarantor and the LLP accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By:  
*Duly authorised*

Signed on behalf of HBOS plc:

By: *Edmund Shaw*  
*Duly authorised*

Signed on behalf of HBOS Covered Bonds LLP:

By:

<sup>1</sup> Bank of Scotland (Ireland) Limited (BoSI) was, with effect from 1 January 2011 merged with Bank of Scotland plc by way of a 'cross border merger' pursuant to the terms of the European Communities (Cross Border Mergers) Regulations 2008 (SI 157/2008)

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading: Application has been made by the Issuer (or on its behalf) for the Covered Bonds to be listed on the Official List of the Luxembourg Stock Exchange and admitted to trading on the Luxembourg Stock Exchange's regulated market with effect from 5 June 2008.
- (ii) Estimate of total expenses related to admission to trading: EUR 2,310

### 2. RATINGS

Ratings: The Covered Bonds to be issued have been rated:

S & P: AAA  
Moody's: Aaa  
Fitch: AAA

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

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

### 4. 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

### 5. YIELD (Fixed Rate Covered Bonds only)

Indication of yield: Not Applicable

### 6. 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

### 7. PERFORMANCE OF RATE OF EXCHANGE (*Dual Currency Covered Bonds only*)

Not Applicable

### 8. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0366237724



- (ii) Common Code: 036623772
- (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 free of 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: No