

# Interim Results

27 July 2001

**Peter Ellwood**

Group Chief Executive



Lloyds TSB

# The future Lloyds TSB



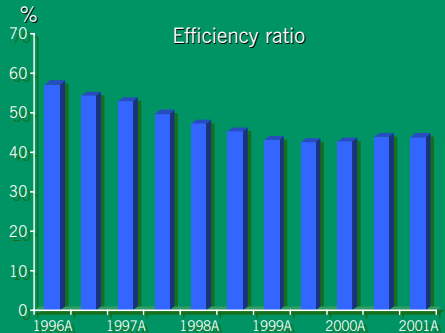
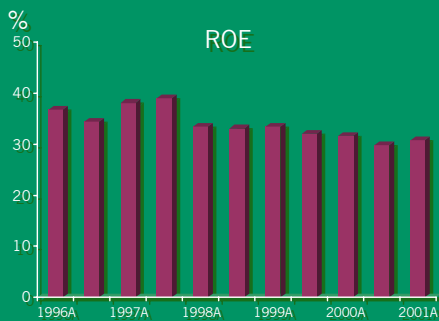
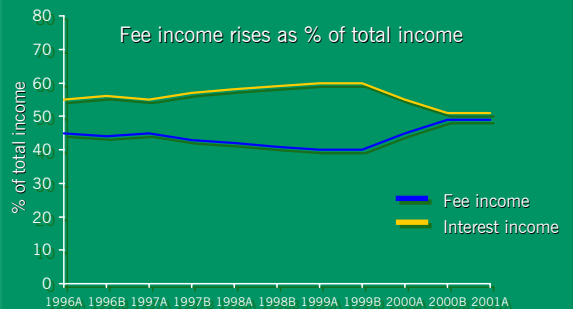
Lloyds TSB

## Satisfactory Results

- Business as usual profit before tax up 9%
- Income up 8% (adjusting for acquisitions)
- Costs up 7% (adjusting for acquisitions), reducing to 2% after revenue investment
- ROE 30.6%
- Efficiency ratio 43.8%
- Fee and non-interest income 49% (47%)



# Continuing a Long Record of Successful Delivery



## The New Environment

Customer demands are increasing

Relationships will capture value

Only one route for sustainable growth

Create value for customers

Maximise shareholder value



## Key Drivers for Growth

Service  
Distribution  
Product offering  
Segmentation  
Motivated staff

= Income growth



# Customer Service

On-line real time banking 7 days a week,  
24 hours a day

Over 2,000 more staff in branches

New systems to identify customer needs

World class Customer Relationship Management



# Distribution

Largest branch network

Largest telephone banking service

Most visited financial services website

Customer recruitment at record levels



# Product Offering

Improved product range

Record current account sales

500,000 added value accounts sold

Best cross-sell rate



## Product Offering

Market share increase

**Sales** up + 15%

Scottish Widows + 20%

Customer lending + 12%

Customer deposits + 8%



# Creating a More Balanced Business

	Market share 2000A*	Market share 2001A*
Personal lending (stock)	10.6%	13.1%
Current accounts balances outstanding	23.8%	25.2%
Unit Trusts & ISAs	5.5%	5.6%
Pensions regular	5.66%	7.07%
Personal savings (stock)	8.3%	8.2%
Mortgages (net new lending)	10.5%	8.0%

\*estimates based on internal data and a range of external sources



# Customer Segmentation

1m Personal Choice customers

Wealth Management – potential 1m affluent customers

Business & Commercial Banking



## Highly Motivated Staff

Over 2,000 more staff

Intensive training programme

Certificate in Customer Service accreditation

Flexible working package



## Key Drivers for Growth

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= Income growth



## Quality of Business

- Good spread of sustainable earnings
- UK Retail Financial Services increased by 10%
- Wholesale and International increased by 13%
- Asset quality maintained - AAA rated
- Well positioned for any economic downturn



# Creating a More Balanced Business

	UK Retail Banking & Mortgages	Insurance & Investments	Wholesale & International
Profit before tax	£ 753 m	£792 m	£721 m
As % of total*	33%	35%	32%

\*excluding Central Group Items



# Cost Management

- Continue vigorous focus on costs
- Cost growth in H2 will be lower than in H1
- The Group Efficiency Programme is delivering
- Exploring all opportunities to further increase productivity
- Incremental investment costs have peaked



# Growth

- Organic growth prospects are good
- Cross border transactions inevitable
- We have considerable transportable skills to support overseas growth



# Conclusion

Satisfactory results

Strong growth opportunities

Strong focus on efficiency

Strong future





# Lloyds TSB

Delivering Value to Shareholders

